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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Nurses told 14% is limit

The Prime Minister told Britain's 490,000 nurses and midwives yesterday that there would be no improvement on their 14 per cent pay offer.

Mrs. Thatcher told a deputation of nurses' leaders at Downing Street that the Government had more than honoured its pledge to nurses.

Unions swiftly responded with talks of industrial action in what had been described as the profession's most serious pay crisis since 1973. Back Page

Rights leader shot

Vernon Jordan, leader of one of the oldest civil rights groups in the U.S., was critically ill in a Fort Wayne, Indiana, hospital after being shot in the back. Page 5

Gallagher held

Henry Gallagher, wanted for questioning after the murders of an elderly Kent priest and his housekeeper, was arrested in a York widow's back garden after a chase across a railway line.

War warning

Chinese leader Hua Guofeng, in Tokyo for a five-day official visit, attacked Soviet policies as he warned Japan of the growing danger of war and pledged closer co-operation between the two Asian powers. China news, Page 4 and 6.

Baton charge

Hundreds of Zimbabwe women, some with babies strapped to their backs, were baton charged by police as they demonstrated for the second day against alleged police harassment.

Boxer elects trial

British and European heavyweight boxing champion John L. Gardner was given unconditional bail when he elected trial at the Inner London Crown Court charged with assaulting a wine merchant.

New TV chiefs

Former Trade Secretary Edmund Dell, chairman and chief executive of the Guinness Peat Group, and actor Sir Richard Attenborough are to be chairman and deputy chairman respectively of the fourth channel television company.

Grand Prix move

Spanish Grand Prix organisers are ready to pay a deposit on fines imposed on 14 top drivers to ensure they take part in Sunday's race at Jarama. The 14 were suspended after refusing to pay fines for failing to attend pre-race briefings.

West Indies win

West Indies (198) beat England (174) by 24 runs in the first Prudential one-day international at Headingley. Chris Tavare, who made 82 not out in his England debut, was chosen man of the match.

Lions player out

British Lions Rugby Union player Fran Cotton is suffering from pericardiatis — accumulation of fluid in the muscles round the heart—and will not play in the rest of the South African tour.

Free for all

More than 50 Tyne fishing fleet boats plan to give away free fish to Newcastle housewives today in a protest over cheap fish imports.

Briefly . . .

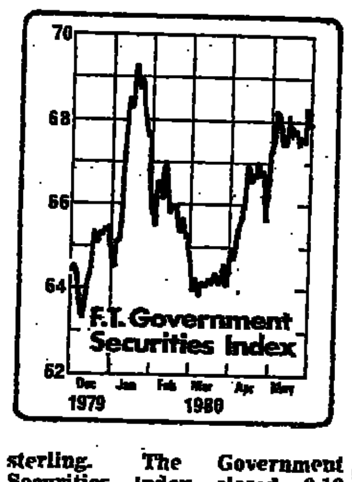
Dominic Wigan's four selections in the Financial Times all won at Brighton yesterday. Today's racing Page 22

BUSINESS

Equities up 1.2; Sterling weakens

● EQUITIES were given a boost by good results from Courtaulds and Beecham. The FT 30 share index ended 1.2 up at 417.8. Page 40

● GILTS eased after predictions that an MLR cut is unlikely before autumn and the fall in sterling. The Government Securities Index closed 0.16 down at 67.87. Page 40



● DOLLAR improved, closing at DM 1.7780 (DM 1.7730), in spite of the expected cut in U.S. interest rates. Its trade weighted index remained at 84.1. Page 34

● STERLING weakened following a general switch to other currencies, dropping to $2.3443 before closing at $2.3465, a fall of 1.25c. Its trade weighted index fell to 74.4 (74.6). Page 34

● GOLD fell $5 in London to close at $518.5. Page 34

● WALL STREET was down 2.04 at 858.28 near the close. Page 35

● ENERGY consumption in the UK fell by 6.6 per cent in the first quarter of this year compared with the same period last year. Consumption of oil products fell by 14.4 per cent. Back Page

● UK's latest commercial oil field is at Humbly Grove Farm, next to the A32 near Basingstoke, Hampshire. Back Page

● BRITISH RAIL chairman Sir Peter Parker said an independent company may be set up to own and operate a Channel tunnel. Page 10

● ILFORD, the 100-year-old phtographic film company, told employees that urgent action would be taken soon to remedy its deteriorating financial position. Back Page

● MASSEY FERGUSON, the farm equipment group, is to suspend production at its U.S. and Canadian plants for three months instead of one this summer because of a fall in demand.

● INSTITUTIONAL investors are questioning whether public companies should be involved in the gaming industry after the recent closure of Ladbroke's London casinos and objections to Coral licenses. Page 9

● CORAL Leisure Group, faced with the possible loss of casino profits (£11m in 1979), intends to reduce its borrowings by selling its hotel business to a foreign company. Back Page

● THOMAS BORTHWICK, the international meat trader, suffered a loss of £0.99m for the six months to March, against a profit of £5.64m previously. Page 28; Lex, Back Page

● BEECHAM, the pharmaceutical and consumer products group, reported pre-tax profit of £136.8m, against £144m, for the year. Page 26; Lex, Back Page

● ICL, the computer systems group, increased pre-tax profit by 10 per cent to £20.5m on a turnover of £346.3m (£285m) for the half-year to March. Page 26; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			Borthwick (T.)	36	− 6
Exchequer 3% 1984	£73	+ ¼	Brent Chems.	132	− 6
pine	62	+ 4	Brunning	35	− 8
Beecham	113	+ 5	Bullough	148	− 8
Copper-Neill	53	+ 4	Dunhill	295	− 13
woods	188	+ 6	Farnell Elec.	250	− 9
Courtaulds	72	+ 3	Freemans (London, SW9)	112	− 8
Greenall Whitley	185	+ 7	Lee Cooper	203	− 12
t. Paint	67	+ 4	Prop. Sec. Inc.	175	− 11
eyer (Mont. L.)	91	+ 4	Richards & Wallington	41	− 11
ngers	56	+ 5	Robertson Foods	117	− 7
Thomson T-Line	80	+ 12	Sketchley	244	− 6
SM	69	+ 5	Tate & Lyle	122	− 4
ASMO	653	+ 23	Travis & Arnold	252	− 10
Estate Exploration	75	+ 5	BP	332	− 6
Central Pacific Mins.	£29	+ 1	Candecca	138	− 6
oma Gold	70	+ 8	Carless Capel	129	− 4
Southern Pacific Pet	£11½	+ ½	Doornfontein	629	− 21
rata Oil	31	+ 7	East Driefontein	£10½	− ¼
FALLS			Randfontein	£28½	− 2½
Excheq. 12% '99-02	£91½	− 1			
breck Int.	76	− 4			

Capital spending expected to decline by 3%

BY DAVID MARSH

THE VOLUME of capital investment by manufacturing industry is expected to fall by about 10 per cent this year, its steepest decline since 1972.

Spending may be cut by a similar amount in 1981 as the recession bites deeply into companies' plans for new plant and equipment.

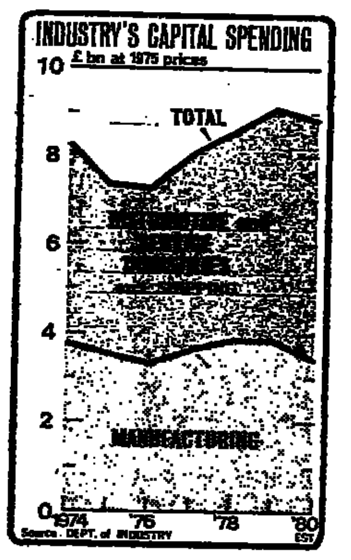
The forecast of one of the most depressed periods for manufacturing investment since the war is contained in a survey of industry's investment intentions published yesterday by the Department of Industry.

The gloom is relieved somewhat by the prospect of a 3 per cent rise in investment in 1980 by the relatively buoyant service and distributive industries, which accounted for nearly 60 per cent of total investment last year.

Allowing for this, overall capital spending by industry is expected to drop by about 3 per cent this year, the first fall since 1976 after average annual increases of 7½ per cent in the past three years.

The reduction in spending is a result of a further drop in business confidence since the department published its last survey in January.

The manufacturing sector in particular is facing a severe financial squeeze caused by weakening demand, large wage increases and high interest rates.



The survey is based on returns submitted by companies between the end of March and mid-May. Financial pressures on the corporate sector have, however, been increased by events in the past fortnight.

Government ministers have repeatedly rejected any early cut on interest rates in spite of calls from business leaders. And the sharp rise of the pound to its highest levels for five years has aggravated the difficulties that industry faces from foreign competition.

The Confederation of British Industry reported this week that manufacturing companies' orders were falling. Latest Government figures for March show that manufacturing output has fallen 8 per cent since the middle of last year, and the CBI predicts a drop of 4¼ per cent for 1980 as a whole.

Yesterday's survey suggests that total industrial investment is likely to fall to £8.85bn this year at constant 1975 prices compared with the record £9.08bn in 1979, which was 6 per cent higher than the previous year.

Manufacturing investment is forecast to drop by between 8 and 12 per cent to an estimated £3.45bn, while spending by the distributive and service sector (excluding shipping) is expected to rise by 3 per cent to £5.40bn.

Investment by the services sector has been increasing much faster than in manufacturing during recent years. This reflects partly much faster growth in this area, and partly the expansion of leasing, under which the service sector invests in fixed assets which it then leases to manufacturing companies.

Editorial Comment, Page 24

UK sanctions will not hit existing trade with Iran

BY PHILIP RAWSTORNE IN LONDON AND ANDREW WHITLEY IN TEHRAN

BRITISH companies already trading with Iran will be able to sign new export contracts or extend agreements despite the Government sanctions imposed at midnight last night.

This major exemption from the Government's trade embargo was disclosed with the publication yesterday of two sanctions orders.

Trade Department officials claimed the exemptions did not represent any change in policy. The sanctions being enforced were as severe as any being imposed by other EEC countries.

The overall growth of Britain's export trade with Iran—running at £56m last month and fast recovering from the slump which followed the Iranian revolution—is expected to be checked by the embargo.

But the Talbot cars deal, worth up to £100m a year and representing one-third of Britain's exports to Iran, will escape the sanctions.

Other companies will also be able to develop, increase and even diversify their business.

The Government's policy is likely to provoke angry reactions from the U.S. Government. The Carter Administration is already bitterly disappointed by the decision, made in response to Commons pressure, to exempt all contracts signed before last night.

But political opponents of the sanctions policy welcomed the widening of the exemptions, which had not been foreshadowed by Government Ministers. These mean that only new exporters will be prevented from trading with Iran.

The sanctions orders impose embargoes on the export of all goods except specified foodstuffs, medical products and certain other products which could be used for medical or surgical purposes.

The supply or transport of goods from the UK and dependent territories is also prohibited.

According to one sanctions opponent yesterday, however, the effect of the exemptions is that "if you are exporting coaches you can now drive the horses through as well."

The Trade Department confirmed that a businessman now exporting washing machines, for example, would be able to sign new contracts for the export of other domestic equipment, such as refrigerators.

Details of UK orders. Page 6

Courtaulds makes £68.1m profit

BY JOHN MOORE

COURTAULDS, the troubled textiles giant which has been carrying out an extensive programme of closures and redundancies, reported a slightly increased pre-tax profit, for its financial year up to March, 1980, of £68.1m compared with £64m in the previous year.

As he announced the figures yesterday, Mr. Christopher Hogg, Courtaulds' chairman, said that high interest rates and unfavourable exchange-rate movements were causing the severest squeeze on trading performance that the group had experienced in the past 10 years.

The latest figures from the group showed extraordinary items of £29.8m, compared with £3.7m, of which about £26m represented provisions for the cost of reorganisation and closures.

The group said yesterday that results for the past financial year "benefited from the rationalisation measures taken in this and previous years. The effects were, however, obscured by the reduced competitiveness of sterling, which eroded export margins and stimulated import competition.

"Results were also adversely affected by the increasingly poor trading conditions in the second half of the year, which still persist." But profits of overseas companies improved.

Mr. Hogg said the group continues to review all its activities. "If we haven't got a viable operation then we close it," he said. He said the effects of the Government's policy on exchange rates and interest rates "are pretty painful for us."

During the year ending in March, Courtaulds slimmed its workforce by about 12,500 through redundancies and closures. On the Stock Market Courtaulds shares rose 3p to 72p.

Courtaulds announced in the past month its intention to close three mills in Lancashire, with a loss of about 750 jobs; another of its fibre-producing plants — at Carrickfergus, Northern Ireland—with a loss of 560 jobs; and two factories in Cumbria with a loss of 670 jobs.

Details, Page 26

Laggers threaten to spread dispute

By John Lloyd, Labour Correspondent

THE TUC was yesterday given two weeks to solve the bitter inter-union dispute at the Isle of Grain power station.

A special delegate meeting of General and Municipal Workers Union insulation engineers, laggers, decided that if the TUC fails to resolve the issue in that time the GMWU should call out on strike 500 laggers working at five other Central Electricity Generating Board construction sites and at operating power stations.

The stations under construction are the oil fired stations of Ince and Littlebrook D, and the nuclear stations of Dungeness, Hartlepool and Heysham.

After a further two weeks without a solution the union should call another delegate meeting to consider further action, possibly including the 5,000-6,000 laggers on sites throughout the country.

The meeting's decisions must be ratified by the GMWU executive. This is regarded as a formality and may take place today.

Mr. John Baldwin, general secretary of the Amalgamated Union of Engineering Workers' construction section—the major union on the other side of the Isle of Grain dispute—promised that if his members' jobs were threatened by the GMWU action he would supply replacement laggers, as at the Isle of Grain.

It is understood the Central Electricity Generating Board is not concerned by the threat to power supply or to construction. It believes that even if all GMWU laggers strike, its stations and sites will be staffed by replacements from other unions.

It is also thought to be highly sceptical of the value of further talks with the TUC, believing that the earlier proposals by the TUC amounted to an open cheque for the laggers.

The CEGB has thus formed a solid front with the other craft unions—including the electricians, boilermakers, sheetmetalworkers and the AUEW—against the GMWU's demands that its high bonuses be retained and that the replacement laggers on the Isle of Grain be withdrawn.

The stance which the CEGB has taken is shared by the con-

Continued on Back Page

£ in New York

—	May 28	Previous
spot	$2.3600-3630	$2.3760-3770
1 month	1.72-1.65 dis	1.72-1.62 dis
3 months	4.08-4.01 dis	4.18-4.08 dis
12 months	10.50-10.30 dis	10.95-10.75 dis

EEC partners struggle over UK demands

BY JOHN WYLES AND MARGARET VAN HATTEM IN BRUSSELS

FACED WITH the prospect of a depening crisis, Britain's EEC partners were struggling last night to produce an offer which might satisfy UK demands for large cuts in Community budget payments.

By early evening there were only flickering hopes of a final agreement among EEC Foreign Ministers. But the distant possibility of a breakthrough was strengthened by progress in a parallel meeting of Farm Ministers here.

They finally reached broad conditional agrement on a settlement of the Anglo-French lamb war. The lamb deal would not, however, go into effect until settlement of the budget problem.

For several months settlement of the lamb row has been a condition of French agreement to any new budget deal for the British. Thus, last night's breakthrough on lamb was expected to give a psychological boost to the Foreign Ministers' tense and difficult negotiations.

The breakthrough came when Britain dropped its tough opposition to using EEC money to buy up surplus French lamb and mutton, thus opening the way for an agreement to include lamb in the Common Agricultural Policy.

EEC Farm Ministers agreed on a package of measures to subsidise community lamb sheep farmers, subject to three conditions:

● The package cannot be implemented until Britain's demands for a cut in its payments to the EEC budget are met;

● Until New Zealand agrees to curb its lamb exports to the EEC;

● And until the Dutch are satisfied with a clause providing for subsidise exports.

The scheme will not in itself raise retail prices in Britain, where the subsidies wil come directly out of the EEC budget and will not affect market prices. But it will add considerably to the overall cost of long-term agricultural policy.

The Foreign Ministers' negotiations on the budget issue opened encouragingly when the other eight made their first revised offer of cuts in Britain's budget burden since the abortive EEC summit in Luxembourg a month ago. Moreover, it was the first offer received by the UK of an arrangement which would last for three years, one of the minimum demands of Mrs. Margaret Thatcher, the Prime Minister.

However, the proposal was worth about £130m less than the offer covering 1980 and 1981 turned down by Mrs. Thatcher in Luxembourg. As a result it was unlikely to meet her approval. Even less likely to attract her was a condition attached by France to the offer that the UK undertake not to block any farm price increases agreed over the next two years by the other eight.

Lord Carrington, the UK Foreign Secretary, countered with proposals which could reduce the UK's anticipated

Continued on Back Page

Record $6.4m for Turner

BY ANTONY THORNCROFT

TURNER'S Juliet and Her Nurse sold for $6.4m at Sotheby Parke Bernet yesterday—an auction record for a work of art. The sterling equivalent of £2,689,076 compares with the previous record £2.3m paid at Christie's in 1970 for a Velasquez portrait.

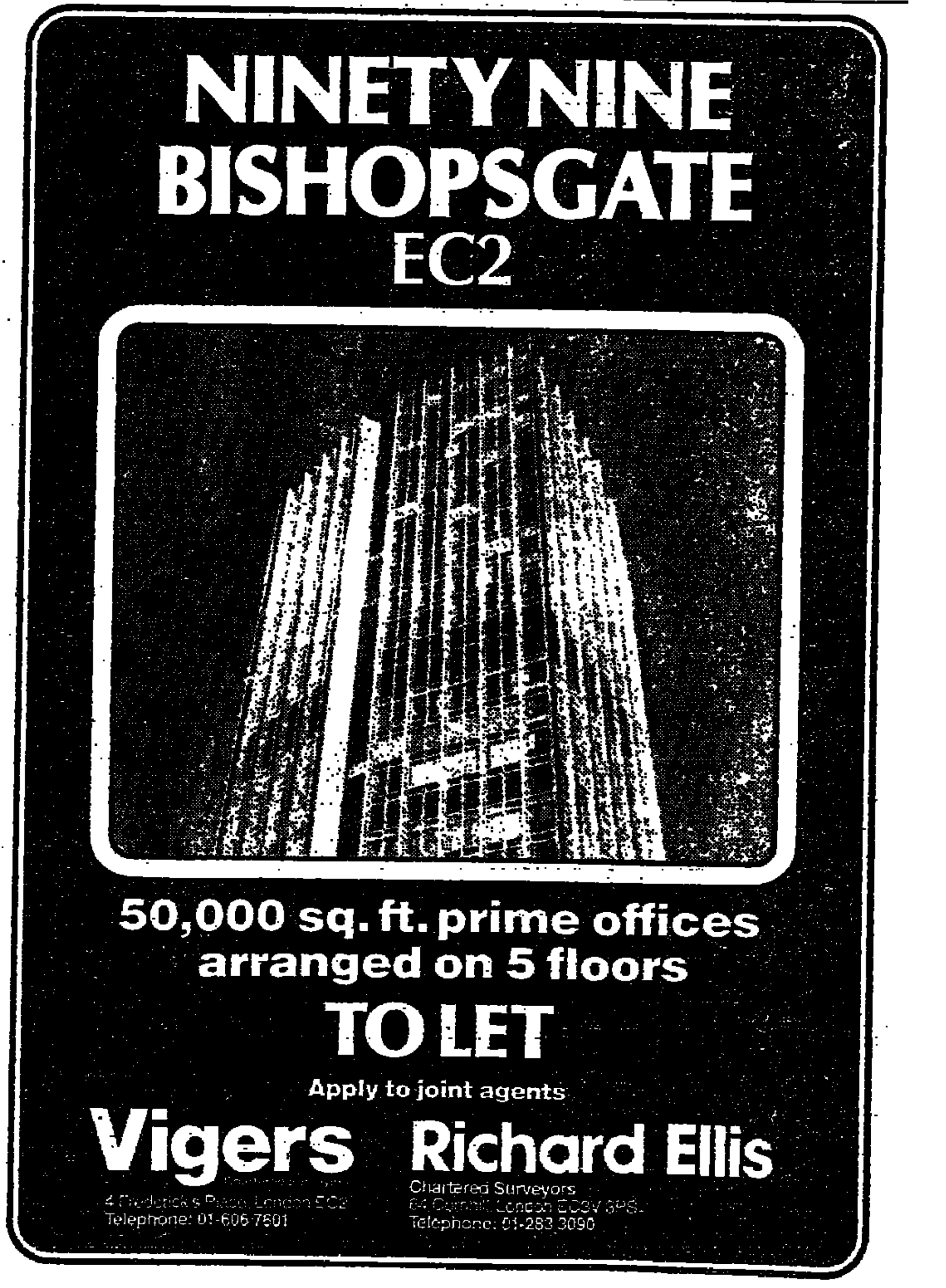
The Turner was sold by Mrs. Flora Whitney Miller of New York. Part of the proceeds will benefit the Whitney Museum in New York. The buyer was the widow of an Argentinian industrialist who also acquired impressionists in New York two weeks ago.

Juliet and Her Nurse aroused controversy when it was first shown at the Royal Academy in 1836 but was defended by Ruskin, in a famous essay, as an outstanding example of the development of Turner's painting style. The painting sold in 1878 for £5,460 and in 1893 for £8,400, substantial sums at the time, before going to the U.S. in 1901 to joint the Whitney family collection.

The under bidder yesterday was Mr. Stanley Seeger, the recent purchaser of the late Paul Getty's English home, Sutton Place in Surrey. If Mr. Seeger had been successful the Turner would have returned to the UK.

● A bottle of 1822 Chateau Lafite sold for $31,000 at a San Francisco aution to Mr. John Grisanti, a restaurant owner.

Saleroom, Page 9



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Russia admits Afghanistan 'interference'

BY DAVID SATTER IN MOSCOW

A SENIOR Soviet commentator, Mr. Alexander Bovin, has acknowledged that the Marxist Government in Afghanistan lacks mass support and that the Soviet invasion was interference in Afghanistan's internal affairs. His article on Afghanistan is the frankest yet to appear in the Soviet Press.

Mr. Bovin, the chief commentator for the Government newspaper Izvestia, wrote in a recent issue of the English-language weekly "Moscow News" that the Soviet Union knew the invasion would be unpopular, but entered Afghanistan to prevent the "anti-imperialist revolution" from being drowned in the "blood of the revolutionaries."

All previous Soviet official statements have stressed that the Soviet Union sent troops to Afghanistan to help the "legal Government" deter "foreign aggression." The supposed ability of the West to end this "external aggression" has been the basis for a series of Soviet "peace" proposals which have received wide attention in the West.

Mr. Bovin, however, in an argument apparently aimed at Communists in the West and the Third World, acknowledged that the Moslem insurgents in Afghanistan were not foreign agents but Afghans, and that the rebels, far from being restricted to "gansters and criminals," had the support of a "noticeable part of the peasantry."

The Soviet Union was obliged to support the Afghan revolution, Mr. Bovin said. The "downtrodden and ignorant peasantry" does not lend itself easily to "revolutionary transformation," but to have let the revolution be defeated would have meant seeing Afghanistan turned into a "kind of Shah's Iran."

Mr. Bovin said the Marxist regime did not perhaps "lean on the movement of the masses" but the "political vanguard" in Afghanistan seized power because they could "not sit impassively on the shore of a vast sea of human suffering."

Democrats, humanists and "even revolutionaries" who claim to be "outraged" by the Soviet intervention should understand that "if you are against Soviet military aid to revolutionary Afghanistan then you are for the victory of the counter-revolution."

Mr. Bovin said that non-interference in the affairs of another country is a "good thing," but the principles of international law do not exist in a "vacuum." There are situations where "non-interference is a shame and a betrayal. Such a situation developed in Afghanistan."

Fears over germ war capacity

By David Tonge

WESTERN governments are still concerned that the Soviet Union has developed germ warfare agents in contravention of a treaty signed in 1972 banning biological weapons. In March this year there were reports that hundreds of Russians had died in April 1979 after anthrax germs escaped from a military installation near Sverdlovsk, a town in the Urals closed to foreigners.

The United States has made persistent requests for an explanation, but yesterday the State Department was reported as saying: "As of this time, our concerns regarding the incident have not been alleviated."

The Soviet Union has insisted that the deaths were from gastric anthrax, caused by contaminated beef. But Western governments believe that the number of deaths and the speed with which they occurred do not support the Soviet claim. Western intelligence reports received in the past two months suggest that the deaths were caused by pulmonary anthrax, spread after a leak from a stock of the bacteria.

Western disarmament experts say that this would be the first time that the Soviet Union had flouted a treaty it had signed. They are concerned at the implications for the broader process of arms control.

According to the U.S. Defence Intelligence Agency, a Soviet military commander killed himself after the accident.

Bonn cool to wider trade ban on Moscow

BY ROGER BOYES IN BONN

HIGH-LEVEL economic talks between the Soviet Union and West Germany yesterday demonstrated Moscow's strong need for further supplies of Western technology to prop up parts of its ailing economy. At the same time, Bonn officials made clear that a comprehensive embargo on sales of technology to the Soviet Union would also hit the West German economy.

The talks between Mr. Nikolai Tikhonov, the Soviet Deputy Premier, and Count Otto Lambsdorff, the West German Economics Minister, touched on the effects of a trade embargo and a tightening of NATO's "Cocom" list of banned high technology exports to Moscow. Both were U.S. proposals initiated after the Soviet invasion of Afghanistan. But the two ministers concentrated more on long-term economic co-operation in energy and raw materials, offshore technology, mining and metallurgical machinery.

Bonn repeated its belief that trade between West and East Europe should continue, and even be increased, despite the Afghanistan crisis. Count Lambsdorff has just returned from economic talks in Romania and Hungary.

The Soviet visit also has an important political dimension. Mr. Tikhonov is the most senior Soviet official to visit Bonn since the Afghan invasion, and he will meet Chancellor Helmut Schmidt today.

The interdependence of the Soviet and West German economies was underlined by figures released by the Economics Ministry yesterday. They show that West Germany imported DM 1.7bn (£407m) worth of goods, mainly oil and gas, from the Soviet Union in the first quarter, a rise of over 29 per cent against the same period last year, while West German exports, chiefly machinery and steel products, were worth DM 1.8bn, an increase of over 23 per cent.

A study released yesterday by the IFO economic research institute shows how hard a technology embargo would hurt the Soviet economy. In an analysis of 14 major German technology deals with Moscow, IFO concluded that the Soviet Union is some 10 years behind Germany in automated assembly and robot production, in specialist machine construction and in electronics.

The Soviet Union buys German technology for immediate use, and also as a model to imitate for the development of its own products, or to avoid lengthy and costly domestic development of plant in areas where capacity is short. Contracts with Germany and other Western countries are also often coupled with attractive service and training guarantees.

Mr. Nikolai Tikhonor talks with Count Lambsdorff on trade embargo.

Analysts doubt Soviet targets will be met

BY LESLIE COLITT IN BERLIN

A WEST GERMAN analysis of the Soviet economy doubts whether it will attain its planned 4 per cent growth target this year, even if agriculture achieves its goal of 9 per cent higher output.

The German Institute of Economic Research (DIW) in West Berlin notes that this year's officially projected 4 per cent growth in produced national income compares with only 1.5 per cent actual growth which the Soviet economy achieved last year, the lowest since 1945. It says the 3.5 per cent growth in output per worker officially intended to be reached this year is to come about mainly by productivity increases. Last year output per worker rose only 0.5 per cent, according to the DIW's interpretation of Soviet statistics.

The same barriers as in the past continue to stand in the way of improved productivity in the Soviet Union, DIW says. It lists them as rigidity in the economic apparatus, waste of energy and raw materials, lack of innovation, insufficient labour discipline and shortcomings in the organisation of production.

In addition, it says, there is uncertainty over domestic energy supplies and external factors such as the development of relations with the West.

The institute's Comecon section notes in the analysis that the Soviet Union wants to expand primary energy supplies by 4.5 per cent this year after actual growth of only 3 per cent last year when the target figure was 5 per cent.

Industrial production this year is to rise, according to Soviet planning, by 4.5 per cent after expanding by 3.5 per cent last year against a 5.5 per cent target. The chemical industry in particular is supposed to increase output by 9 per cent after growing 1 per cent last year. Mechanical engineering is to remain the leading industrial sector with a planned growth this year of 6.5 per cent against 8 per cent last year.

DIW says reform measures were introduced last year designed to improve the effectiveness of industrial and agricultural investments. Capital spending last year rose 2 per cent according to official figures, after a planned growth of 4.5 per cent. This year total investments are to go up by 3 per cent with a 5 per cent investment growth target for agriculture.

Nine get together on summer time

By John Wyles in Brussels

BRITAIN, IRELAND and the continental members of the EEC are close to an historic agreement on a common date for the start of summer time. This would greatly help the timetable problems of international airlines, railways and tourists.

But while they may be able to reduce the frequent time changes between Britain, Ireland and continental Europe, the Nine have not yet managed to agree on a common date for turning the clocks back at the end of summer.

Here there is a basic conflict between the taste for long daylight hours in north-west Europe and the desire elsewhere to avoid dark early mornings.

As a result, Britain and Ireland are likely to stick with October 26 as the end of summer time while the rest of the EEC remains faithful to September 28, the date on which many of their summer-time rail schedules come to an end.

At their meeting in Luxembourg on June 24 EEC Transport Ministers are expected to approve a directive requiring member states to introduce summer time in the last week of March in 1981 and 1982.

They have encountered a problem for 1983 for which the proposed date will be Palm Sunday, which West Germany and France claim coincides with the start of important school holidays and raises, as a result, railway timetabling problems.

The European Commission has been trying to encourage harmonisation of summer time for several years but was unable to make much progress until all of the Nine actually introduced it. This happened for the first time this year when West Germany ceased to be the laggard.

West Germany had been unable to follow the other eight in embracing summer time until it had persuaded East Germany to do likewise, since an hour difference between West and East Berlin could have created considerable havoc.

Dockworkers' strike blocking 60% of Sweden's exports

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE SWEDISH dockers' strike, which entered its 18th day yesterday with no settlement in sight, is blocking about 60 per cent of the country's exports, and costing exporters about SKr 2.5bn (£295m) in weekly income, according to official estimates.

The strike is also affecting the Stockholm stock market, where share prices have fallen by some 2 per cent since the middle of the month.

Companies are frantically searching for alternative shipping routes. Volvo has cancelled plans to lay off about 8,000 workers in Gothenburg since it has started to ship cars and trucks through Frederikstad in Norway, and has stepped up deliveries to the continent by road and rail.

But the north Swedish pulp and paper companies, which are worst hit by the strike, will start laying off workers next week. Svenska Cellulosa has given notice to 1,800 workers, and MoDo expects to send 500 home.

Pilkington will have to close its float glass operation next week and lay off 70 of the 250 employers at its Halmstad factory, unless it can obtain dispensation from the union to unload five ships waiting with raw materials in the harbour. In Gothenburg 800 out of 1,100 dock workers are on strike, and have virtually closed the port.

The car ferries are still operating from the south Swedish ports of Malmo and Helsingborg, but no freighters are being discharged or loaded. The 20 dockers on strike in Malmo are preventing the remaining 180 from working.

The strike is organised by the small Harbour Workers' Union which is not a member of the blue-collar unions' federation, the LO, and is therefore not a party to the pay settlement concluded on May 12 between the LO and the employers' association.

The 2,400 members of the Harbour Workers' Union are calling for a 10 per cent pay increase and the right to negotiate their own agreement with the employers, instead of having to hang on to the coat tails of the 45,000-strong Transport Workers' Union. This has the right to negotiate contracts for harbour workers, although it controls only a minority of dockers.

German inflation tops 6%

BY JONATHAN CARR IN BONN

THE COST of living in West Germany in May was 6.1 per cent higher than in the same month last year, the first time the 6 per cent figure has been exceeded here for five years.

The preliminary figure for May issued by the Federal Statistical Office underlines the Government's admission that its hopes of an average 4.5 per cent inflation rate for 1980 cannot be fulfilled.

The country's leading economic institutes believe an average of 5.5 per cent is likely, compared with 4.1 per cent last year and 2.6 per cent in 1978. So far this year the trend at an annual rate has been upwards, from 5.6 per cent in February and March to 5.8 per cent in April.

However, this year-on-year method of comparison partly distorts the picture, the month-to-month figures indicate that the rate of increase in the cost of living has recently ben slowing. Prices rose by 1.1 per cent in February against January, by 0.6 per cent in both March and April against the preceding months, and now by 0.5 per cent in May compared with April.

In any case most authorities expect some downturn in economic activity in the second half of this year, and with it a reduction in inflation at an annual as well as a month-on-month rate.

The Bundesbank has signalled its own determination to fight inflation by raising the discount and Lombard rates, most recently on May 2 to 7.5 per cent and 9.5 per cent respectively.

But import prices have also risen strongly—by more than a fifth in the first quarter compared with a year earlier. This rise has been emphasised by the fall of the Deutsche Mark.

Pope begins French visit today

By Rupert Cornwell in Rome

AFTER A break of 176 years, a Pope today sets foot in France. The four-day visit of John Paul II will be the first by a Pope since the trip of Pius VII for Napoleon's coronation as Emperor which ended in a brief and inglorious imprisonment at Fontainebleau.

The relationship between the Papacy and French Catholicism has grown much easier and, in a television message this week, John Paul went out of his way to revive the ancient description of France as the "eldest daughter" of the Church, as if to emphasise its special position.

The trip itself has aroused some veiled criticism for its spectacular style. The Pope will be ferried by helicopter from Orly Airport to be greeted in the Champs-Elysees by President Giscard d'Estaing. After a Mass at Notre Dame, John Paul will end his first day with a trip down the Seine on a "bateau mouche" steamer.

The Pope is clearly concerned at the state of the French Church, which has suffered from a sharp decline in church-going in recent years, and an even greater fall in the number of priests ordained.

John Paul spoke on French television of the "crisis of growth" in French Catholicism and will be seeking to inspire a revival with his presence.

Inflation slows downs in Turkey

By Metin Munir in Ankara

INFLATION SLOWED down in Turkey last month amid indications that the economy has started to feel some benefits from the draconian stabilisation measures introduced by Mr. Suleyman Demirel, the free enterprise-oriented Prime Minister, four months ago.

The wholesale price index rose 2.3 per cent in April compared to 4.4 per cent in March, 29.2 per cent in February and 9.2 per cent in January this year. April was the lowest rate of inflation in 16 months.

There are other signs of improvement. Shortages have largely been eliminated, manufacturing capacity has risen and prices of many industrial raw materials and consumer items have started coming down as the tight control on money supply and the curb on public spending have dampened.

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The Ordinary General Stockholders Meeting has approved the Balance Sheet for the year 1979 which closed with profits amounting to 4.6 billion lire after having set aside reserve funds for 125 billion lire.

The share capital, reserve funds and special contingency fund amount to 647 billion lire.
Loans outstanding amount to 15,686 billion lire and bonds in circulation to 15,669 billion lire.

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The Ordinary General Stockholders Meeting has approved the Balance Sheet for the year 1979 which closed with the accounts in balance after having set aside reserve funds for 87 billion lire.
The share capital, reserve funds and special contingency fund amount to 316 billion lire.

During 1980 the share capital of the Istituto will increase from 21 billion lire to 210 billion lire, following the subscription by Stockholders of the entire capital increase voted last year.
Loans outstanding amount to 3,722 billion lire and bonds in circulation to 3,882 billion lire.

هكذا من الأصل

Political feuds block key Italy bank appointments

BY RUPERT CORNWELL IN ROME

POLITICAL infighting between and inside the parties in the Italian Government has slowed to a virtual standstill the already delayed process of naming new chief executives to most of the country's chain of important regional savings banks.

Despite a host of promises to the contrary, Sig. Filippo Maria Pandolfi, the Treasury Minister and chairman of the inter-ministerial credit committee responsible for finalising the appointments, has managed only a snail's progress in resolving impasses which have seriously affected the banks' work.

Two meetings in the past week—after a series of increasingly embarrassing postponements—have settled but 27 of the 150 posts outstanding, one of which, that of the Ferrara savings bank, will have been unfilled for 13 years by this August. The most sensitive appointments, covering the richest and largest savings banks, have been put back at least until after the regional elections on June 8.

These include several important banks in the Veneto region, objects of fierce interest to factions of the ruling Christian Democrat party, and the presidency of Cariplo, the Lombardy savings bank which, with $25.6bn of deposits and funds administered, is Europe's largest savings bank and one of the biggest components of the Italian banking system.

The political importance of the banks derive above all from their key local influence, in areas which traditionally are power-bases of one or other of the three coalition parties: Socialists, Republicans or Christian Democrats—but most usually the latter.

As such, too, they are particularly attractive homes of deposits for a still provincially-minded population. With total deposits of L64,900bn (£33.5bn), they attract almost a third of total deposits in the banking system.

However, the political feuding has underlined the problems of the entire banking system. One of the potentially most serious aspects is the risk of new political interference in the workings of the central bank, still smarting from last year's affair in which a Deputy Director-General imprisoned briefly on spurious allegations of misconduct in connection with the granting of loans to the bankrupt SIR chemical group.

It is the central bank's task to produce a short list of qualified candidates for the posts, but the politicians in some cases seem to be pressing for more candidates of their choice to be included.

Portuguese warning on credit

By Our Lisbon Correspondent

STATE-OWNED banks will be penalised if they break the Bank of Portugal's strict credit guidelines, Sr. Anibal Cavaco Silva, the Finance Minister, said yesterday.

They have been consistently broken by the majority of banks since the beginning of the year, a situation which the Minister described as "worrying" during a seminar in Oporto on private investment.

Provisional Bank of Portugal figures show that in the first quarter of 1980 credit to the public and private sectors expanded by 10.5 per cent compared to the government target of 8 per cent. Total domestic credit issued during this period is valued at Esc 89bn compared to Esc 39bn a year ago.

Banks have been told that unless credit expansion is controlled in the second quarter they will be forced to increase the cash they have to deposit with the central bank.

The main stimulus for expansion has come from the public sector, although credit to the private sector has also been above the ceilings. Banks say a number of state companies have switched from foreign to domestic borrowing which has become cheaper following the 6 per cent revaluation of the escudo.

This development has highlighted the Government's difficulties in applying its short-term economic policies. The Finance Ministry recognises the need to control money supply for inflation reasons. But an excessive credit squeeze would go against the Government's push for higher growth and increased investment.

The Government, however, has indicated that it may issue Treasury bills through the Bank of Portugal in order to stimulate the growth of more open money market.

TRAFFIC, DIRT, HOME SHORTAGES

The Herculean task facing Lisbon's mayor

BY JIMMY BURNS IN LISBON

LISBON'S newly elected mayor sits amid chandeliers and velvet in the Municipal Palace. Behind him hangs a large painting of the Marques de Pombal, the 18th-century Prime Minister whom many Portuguese regard as their greatest. Flanked by his advisers, Pombal plans the rebuilding of Lisbon after the earthquake of 1755 left hardly a house standing.

Sr. Nuno Abecassis, Lisbon's first Christian Democrat mayor since the 1974 revolution, believes his task to be no less Herculean. When he took on the job after the Democratic Alliance's sweeping victory in the municipal elections last December, Abecassis found a capital in desperate need of repair.

Lisbon has earned itself the ungracious distinction of being Europe's smallest, most overcrowded, and dirtiest capital, with all the problems of a major metropolis and none of the advantages.

Shanties

About a quarter of Lisbon's 1m population live in cramped and unhygienic conditions, some 100,000 in "barracas" or shanty huts in and around the capital.

Lisbon is not just the capital of Portugal, it is the country's largest town and chief port. If the surrounding industrial zones are included, one in five Portuguese live in greater Lisbon and Portugal is as top-heavy as Greece.

The Portuguese voted in their first "free" local elections in 1976 but financial, administrative and political control has remained centralised in a state bureaucracy, inflated by democracy and decolonisation. The 1976 elections should have given local authorities power over planning and building but the obsession with finding a "national solution" to the "national solution" to Portugal's political and economic problems has kept local authorities as cyphers, waiting for resources which never come.

The one problem spared the Lisbon council until now has been bankruptcy. "How could I inherit debts if my predecessors had no money to spend?" Sr. Abecassis said.

Portugal's ruling coalition of Social Democrats, Christian Democrats, and Monarchists is committed to devolving greater responsibility to the municipalities. Indeed, devolution is the one policy around which the coalition has managed to achieve consensus. The Government inherited two progressive laws which were approved last year by all the parliamentary parties and which are designed to take devolution beyond mere theory. The Law of Local Finances sets aside a minimum of 18 per cent of the yearly national budget for local government; the Law of Local Government defines and extends the powers of local councillors and cuts through much red tape.

The Government has shown itself more generous with political than with financial devolution. Transfers of funds are limited by the need to restrain the budget deficit, and thus inflation. After years of neglect, the local authorities themselves could not absorb and co-ordinate major funding. In the recently approved budget for 1980-81, the Government has set aside Esc 30.4bn (£270m) in transfers to the local authorities, or only 8 per cent of total public expenditure.

But, for Sr. Abecassis, the political devolution stipulated in the Law of Local Government is a step in the right direction. He insists that his administration will break with the ideological wish-wash of his Socialist predecessors and opt instead for a pragmatic approach to the problems of every-day Lisbon.

Local society

To tackle the housing shortage, the Lisbon Municipality, one of Portugal's largest land owners, will offer large tracts of the city and its surroundings at cheap rates. It will screen construction projects to provide not "just the building of slabs but a fully integrated local society of shops, green areas, and sports and cultural facilities.

The municipality will then seek guarantees that a substantial proportion of the completed property will be put for sale or rent at "social" rather than "commercial" rents.

Sr. Abecassis claims Portugal's largely private construction industry have received the scheme warmly as a first incentive to invest since the revolution.

He believes that, in the next five to seven years, 150,000 new homes could eradicate a large part if not all of Lisbon's shanty problem.

Sr. Abecassis hopes that the housing scheme will leave the municipality with enough money over the next few years to tackle the problem of traffic.

"In a democracy, a government cannot prevent the people from coming into their capital. It can however try to divert them," Sr. Abecassis says. As a first step, he is studying a project that will involve extending the city's transport system to large car parks in the outskirts.

The municipality has already spent about Es 1bn in a partial extension of the Metropolitan underground line and intends to boost Lisbon's bus fleet from 700 to 1,200 vehicles.

For the moment, shortage of funds will delay the Es 50bn extension of Lisbon's ring and major access roads, many of which were left uncompleted at the revolution. But Sr. Abecassis' third priority, the "Clean up Lisbon Campaign" is well under way.

Less successful has been an attempt to whitewash the peeling posters and fading graffiti. Six years after the revolution, many Lisbonites believe that this particular "face-lift" smacks of censorship. It is an ideological problem which Sr. Abecassis would like to solve in a pragmatic way.

This Advertisement is issued by Samuel Montagu & Co. Limited on behalf of T. Cowie Limited

OPEN LETTER TO THE SHAREHOLDERS OF GEORGE EWER & CO. LIMITED ("EWER")

Ewer shareholders will by now have received Mr. Ewer's letter of 23rd May and, perhaps, may have obtained a copy of the offer document for Eastern Tractors (Holdings) Limited ("Tractors").

There are a number of questions about the Tractors deal that now need answering:

1. Mr. Ewer refers to our being critical of Tractors' 1979 profit of £10,369. We are even more critical to see that the figure attributable to shareholders for the year was a LOSS of £244,000. Yet this doesn't emerge in Mr. Ewer's letter. WHY NOT?
2. Mr. Ewer's letter refers vaguely to better things in store. He writes: "As a result of the purchase we believe that the Ewer Group will be more broadly based with greater profit potential." WHAT EXACTLY DOES THIS SENTENCE MEAN IN TERMS OF EWER'S PROFITS?
3. Mr. Ewer seeks to justify issuing 2.6m Ewer shares for Tractors by referring to "preserving your Company's borrowing ability." WHY DID HE NOT TELL HIS SHAREHOLDERS OF THE BORROWINGS OF TRACTORS, WHICH THE EWER GROUP WOULD TAKE ON BOARD? These, at 31st August, 1979, were WELL OVER £2m. Furthermore, Tractors is, by its Acting Chairman's own admission, sparsely capitalised, since he states that "in the event that Eastern Tractors remains an independent company, your Directors would not be able to recommend a dividend in respect of the year ended 31st August, 1979." As it is, and under Ewer's friendly umbrella, dividends totalling £61,000 are being paid out.
4. Ewer's offer for Tractors is conditional on, amongst other things, the passing of various special resolutions by Tractors. Such matters normally require 21 days' notice of meeting. In this case, however, special arrangements have been laid to hold the meeting at short notice, Friday, the 30th May. WHY THE HASTE? IS THE EWER BOARD AIMING TO GET THIS DEAL THROUGH BEFORE YOU, THE SHAREHOLDERS, HAVE HAD THE CHANCE TO EXPRESS YOUR VIEWS ON COWIE'S OFFER? Have they forgotten that our higher offer of 55p per Ewer share, now before the shareholders, depends upon the Tractors deal lapsing?
5. THE SIGNIFICANT FEATURE OF THE TRACTORS DEAL—TO WHICH MR. EWER MAKES NO REFERENCE AT ALL—IS ITS DILUTING EFFECT UPON THE EARNINGS AND PERCENTAGE OWNERSHIP OF PRESENT EWER SHAREHOLDERS.

We though at the time of its announcement that the Tractors deal was a poor one for Ewer shareholders. Having seen the documents, we now regard it as appalling and we urge the Board of Ewer to consult their shareholders before closing the offer for Tractors.

Tom Cowie, Chairman
T. Cowie Limited, 29th May 1980

The Board of Cowie has taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and that no material facts have been omitted and all of them jointly and severally accept responsibility accordingly, save that their sole responsibility for any information relating to Ewer and Tractors has been to ensure that it has been correctly derived from published sources.

African states 'to meet on Namibia'

By Our Foreign Staff

THE frontline African states seeking independence for Namibia are expected to hold a summit on the South African-ruled territory in Lusaka early next week.

According to Western diplomats, senior members of the Governments of Zambia, Angola, Botswana and probably Tanzania and Mozambique are expected to attend the meetings.

It is not yet clear whether the newly independent government of Zimbabwe will be represented. Nor is it clear whether the frontline states intend to launch a new initiative on Namibia currently the subject of a UN Western-backed settlement effort.

Mr. Sam Nujoma, President of the nationalist movement SWAPO, will today hold talks with Lord Carrington, the British Foreign Secretary, in London. Britain has been a leading member of the group of five Western states which spearheaded the UN initiative three years ago.

In Windhoek, the Namibian capital, Dr. Gerrit Viljoen, South African administrator-general of Namibia, yesterday accused Mr. Nujoma of making new demands aimed at delaying or wrecking the current settlement attempt.

At the United Nations, Angola has accused South Africa of using force to try to instal Angolan dissidents along a proposed demilitarised zone bordering Namibia.

Angola's permanent representative Elisio de Figueiredo sent Dr. Kurt Waldheim, the UN Secretary-General, a letter saying that the most recent attack by South African forces on May 24 had left 200 Angolans dead and "countless injured, with untold material damage and destruction."

FEARS FOR UNREST AND INSTABILITY IN MONROVIA

Liberia pays the price for change

BY MARK WEBSTER, RECENTLY IN MONROVIA

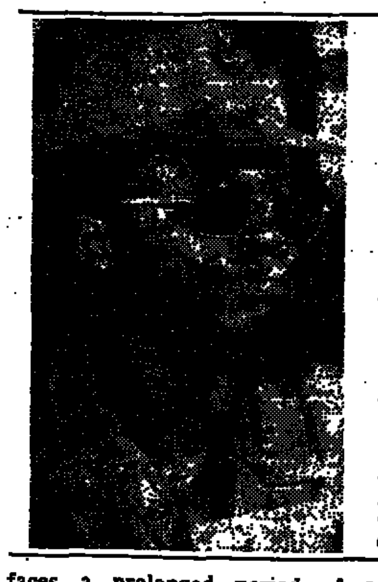
IN THE clinging heat of the Liberian Supreme Court, one of five officers trying former members of President William Tolbert's Government, dozes quietly in his chair. A few feet in front of him, an ex-Deputy Minister of Justice sweats under the arclights of the television cameras as he stresses the good he has done during 10 years of Government service.

He is one of more than 100 officials from President Tolbert's administration awaiting trial since the bloody coup which brought Master Sergeant Samuel Doe to power on April 12. Thirteen ministers had already been tried and shot before Sgt. Doe agreed to stop the executions. Those found guilty of the broadly defined charge of treason now face a maximum of life imprisonment.

In the eerie silence of the empty courtroom, two or three people a day answer the standard questions about their tenure of office and their assets. Although the public and foreign press is officially banned, it is possible to sit and watch while statements are laboriously typed out by a young solider, pausing only to ask how to spell "symposium."

Outside in the street, Liberia's bustling little capital of Monrovia has returned to a deceptively familiar way of life. Trade goes on at its usual frantic pace and the soldiers have nearly all been cleared from the streets. But at night, even the infamous bars on Gurley Street have their shutters down long before the 11 o'clock curfew and the streets are abandoned to sporadic patrols of troops.

For although life appears to have returned to normal in Monrovia the new Government lives with regular nervous glances over its shoulder. Everyone, including the new regime, expects a counter coup, but no one knows when. The only safe prediction being made in Liberia is that the country faces a prolonged period of political and economic instability.



The trial in Monrovia of former government officials charged with high treason has been suspended for administrative reasons, according to a senior military official, Reuter reports.

Lieut.-Col. Frank Senkpeni, chairman of the special military tribunal trying over 80 officials of the Government of the late President William Tolbert, deposed by the military Government of Master Sergeant Samuel Doe, left, last month, said the trial could resume when certain basic necessities had been taken care of.

The People's Redemption Council has also decided that all officials of the new Government will have to declare their assets

Already this month, several officers have been arrested for allegedly plotting a counter-coup against the 15-man People's Redemption Council, and an atmosphere of mutual suspicion and fear pervades the armed forces.

There are seven reasons for supposing that unrest will continue in the small, 2,000-strong armed forces. The redemption Council is dominated by members of the small Krahn tribe, while the bulk of the army is Loma from Loma County. Middle-ranking officers are said to be disgruntled at the way ordinary soldiers have taken power or been promoted through the ranks. And the soldiers themselves are unlikely to enjoy being back in barracks after their rampages following the coup.

To add to the uncertainty surrounding Liberia's future, fellow African countries have ostracised it politically. Mr. Baccus Matthews, the Foreign Minister, was turned away from the April OAU economic summit in Lagos. And earlier this week Sgt. Doe was refused access to the Economic Community of West African States meeting in Lome, Togo.

Although African countries disapprove of the way the new regime took over, they have made no pronouncement on what Liberia must do to make itself more acceptable. A number of Governments are clearly unhappy that Sgt. Doe has given no indication of what his Government's plans are for the future and if and when they intend stepping down. That silence seems likely to add to internal and external friction.

Much depends on the performance of the economy over the coming months. The new Government has added considerably to the country's pressing economic troubles by giving a large pay rise to the military and lower-paid civil servants.

"It's the price you pay for neutralising the opposition," said one diplomat. But the decision to raise wages by up to 100 per cent will add nearly $34m to the Government's wage bill during a full financial year. Ministry of Finance officials said, and Liberia can ill afford such generosity.

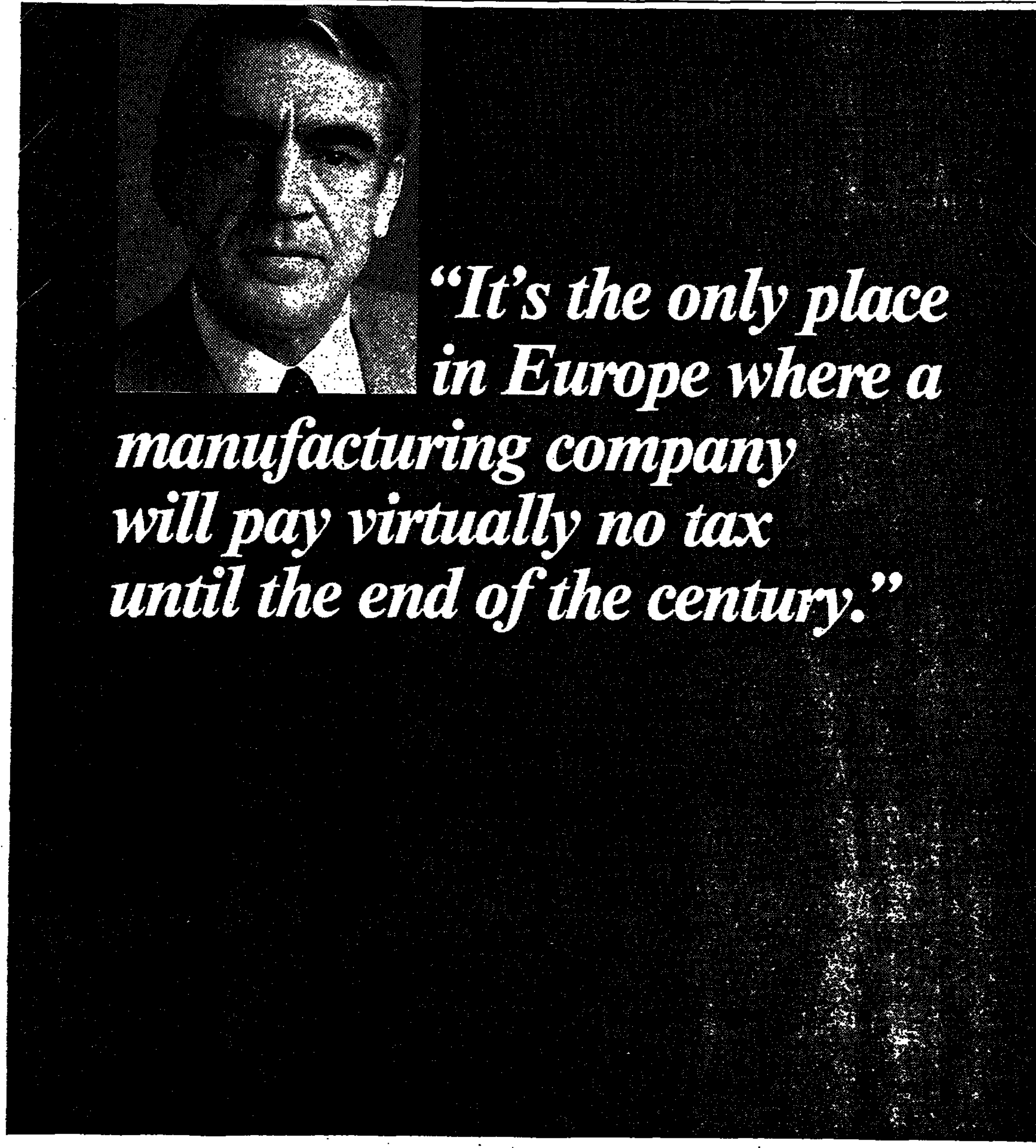
"Somehow we gotta satisfy the people's raised expectations without letting the economy go to pot," said a Finance Ministry official in a Liberian drawl. But so far the Redemption Council has stumbled along without a coherent line to its policies. Instead, the Council tells its 19-man cabinet, ten of whom are civilians, that it wants to keep prices down, raise wages and spread wealth more evenly without trying to reconcile such conflicting ideas.

The man charged with implementing the Redemption Council's vague economic pronouncements is a former economics professor, Dr. Togba-Nah Tipoteh. He has inherited a budget deficit for the current financial year of at least $40m, total external debt of $700m and falling revenues for the country's principal commodity, iron ore.

The balance-of-payments position cannot be calculated because Liberia uses the U.S. dollar and there has been no restriction on transfers until the new regime took over. But there has been a considerable flight of money from the country both to pay for last year's $100m OAU summit and because of the present uncertainty.

Although the Government has as yet come to no decision on property belonging to men found guilty by the tribunal it is likely that some will be seized. An audit is being carried out on the assets of the Tolbert family which, said Dr. Nah-Tipoteh, run into "hundreds of millions of dollars."

Economists say it will take more than this to put the Liberian economy back in order. In the long run, they say, Liberia's economic future depends on its stability and attractiveness to foreign investors. Six weeks after the casual brutality of Liberia's coup, that stability still seems a long way off.



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FOOD PRICE MOVEMENTS

	May 29	Week ago	Month ago
	£	£	£
BACON			
Danish A.1 per ton ...	1,230	1,230	1,230
British A.1 per ton ...	1,200	1,200	1,200
Ulster A.1 per ton......	1,200	1,200	1,200
BUTTER†			
NZ per 10 kg	15.50/15.63	15.50/15.61	15.50/15.63
English per 10 kg	—	18.97	18.97
Danish salted per 10 kg	19.43	19.43	19.43
CHEESE‡			
English cheddar	—	—	1,545
Irish cheddar	—	1,629.80	—
Danish cheddar	1,500	1,480	1,480
EGGS*			
Home produced:			
Size 4	—	3.90/4.15	4.30/4.45
Size 2	—	4.85/5.20	5.00/5.10
	May 29	Week ago	Month ago
	p	p	p
BEEF			
Scottish killed sides ex-KKCF	67.0/73.0	67.0/73.0	69.0/73.0
Eire forequarters	—	46.0/49.0	48.0/51.0
LAMB			
English	59.0/74.0	—	—
NZ PLs/PMs	58.0/61.0	—	60.0/62.0
PORK			
All weights	38.0/50.0	38.0/50.0	38.0/49.0
POULTRY			
Oven-ready chickens...	42.0/45.0	41.0/45.0	40.0/48.0

* London Egg Exchange price per 120 eggs. † Delivered.
‡ 20-kg rindless blocks delivered, per tonne.

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The serial numbers of the Bonds drawn in the presence of a Notary Public for this second redemption are as follows:—

00291	00292	00295	00297	00298	00299	00303	00307	00308	00311
00312	00501	00504	00505	00510	00511	00512	00521	00523	00524
00528	00529	00530	00532	00533	00535	00536	00537	00538	00539
00540	00544	00545	00547	00550	00552	00555	00556	00557	00559
00562	00564	00565	00567	00568	00569	00570	00572	00573	00574
00575	00577	00579	00580	00581	00582	00583	00585	00587	00588
00592	00593	00598	00599	00600	00602	00604	00611	00612	00613
00614	00616	00617	00619	00620	00627	00628	00634	00635	00639
00640	00641	00643	00644	00645	00647	00648	00650	00651	00653
00655	00658	00666	00667	00669	00671	00674	00676	00677	00678
00681	00688	00691	00692	00693	00694	00696	00698	00699	00700
00701	00702	00704	00706	00707	00710	00714	00715	00717	00719
00722	00724	00725	00726	00727	00728	00730	00732	00733	00735
00739	00741	00742	00744	00745	00747	00748	00750	00751	00752
00754	00756	00761	00767	00773	00775	00779	00781	00784	00791
00795	00796	00803	00811	00812	00814	00816	00818	00819	00821
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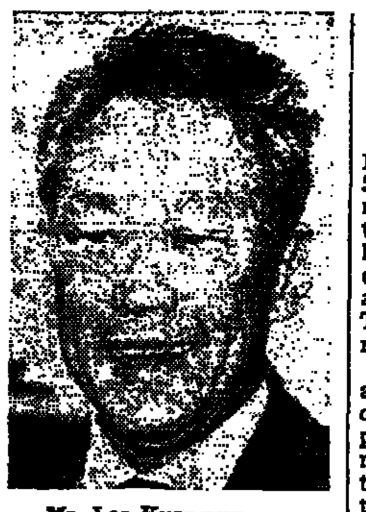
On July 1, 1980, there will become due and payable on the Bonds to be redeemed the principal amount thereof with accrued interest to July 1, 1980. On or after July 1, 1980, interest on the Bonds to be redeemed shall cease to accrue.
Payment of Bonds to be redeemed will be made on or after July 1, 1980, upon presentation and surrender of said Bonds with all coupons appertaining thereto maturing after July 1, 1980, at the specified offices of any one of the paying agents appointed as mentioned in the conditions printed on the reverse of each bond. Interest accrued and unpaid to July 1, 1980, on said bonds will be paid in the usual manner.

The balance of Bonds outstanding after July 1, 1980, totals US$6,000,000.

OVERSEA-CHINESE BANKING CORPN. LTD.
PRINCIPAL PAYING AGENT



Mr. Lee Kuan-yew . . . departure from previous practice.

Singapore searches abroad for teachers

By Kathryn Davies in Singapore

IN A significant shift of policy, Mr. Lee Kuan Yew, Singapore's Prime Minister, has said local academics cannot meet projected demand for higher education to help restructure the Singapore economy. Instead, overseas lecturers in such disciplines as engineering, management studies, medicine and law will be invited to Singapore to take up full-time careers—and not, as previously, short-term contracts.

In a blunt statement to university dons, Mr. Lee pointed out that, out of the 670 full-time academic staff in Singapore's two universities, only about 50 per cent are Singaporeans. Assuming that more than 2,000 staff will be needed over the next five years, only 40 per cent of these will come from suitably qualified local candidates.

Foreign academics will now be offered much higher salaries than their Singaporean counterparts, a chance of permanent residence and even Singaporean citizenship. Of the existing expatriate contribution to Singapore, Mr. Lee said: "If we remove them, the economy will subside, like four punctured tyres."

Mr. Lee's remarks follow a controversial public debate in Singapore over the merger of the Republic's two universities which aroused considerable emotion among older-generation Chinese language - educated Singaporeans.

India to swap rice for Russian oil

BY K. K. SHARMA IN NEW DELHI

INDIA IS to supply Russia with 500,000 tonnes of superior grade rice in exchange for crude oil, the quantity of which is now being worked out. Talks on the deal have been held and an announcement is expected soon. This will be the first large shipment of food grain from India.

The Russians have already agreed to supply 1.5m tonnes of crude to India this year, as part of the annual trade agreement. The crude exchanged for the rice will be in addition to this.

The barter deal is likely to be viewed abroad as yet another Soviet attempt to mend relations with Mrs. Gandhi following the Christmas invasion of Afghanistan.

India urgently needs new sources of oil. Sixty per cent of domestic needs have to be imported, and the rising cost of crude oil has pushed the price of oil imports from Rs 2bn (£109m) in 1972 to Rs 30bn in 1979. Estimates for 1980 are put at Rs 45bn—which would account for well over 50 per cent of all export earnings.

It suits India very well to pay for oil with food grain. Not only does it save precious foreign exchange, but it takes pressure off the grain storage problems.

After record crops in four consecutive years, India's buffer stocks rose to around 20m tonnes at one point. It simply does not have enough storage for sumh quantities. Stocks now stand at 15m tonnes, of which 9m tonnes is rice.

The sale of Indian rice is unlikely to reduce the difficulties created for the Soviet Union by the U.S.-institgated grain embargo. The quantity is paltry compared with the Soviet Union's overall grain shortfall, and rice is unusable as cattle feed, for which most grain imports are used.

The Indian Government took a policy decision recently that food grain exports should be allowed, although this is to be limited to superior grade rice which is normally bought by well-to-do Indians because of its high price.

Such rice has been sold in small quantities in the Middle East for the past couple of years but this is the first bulk supply to be made. The Food Corporation of India has been authorised to export another 500,000 tonnes of superior grade rice, and this will take the total exported to 1m tonnes.

Commodities, Page 39

Israel Cabinet crisis continues

BY DAVID LENNON IN JERUSALEM

THE ISRAELI Cabinet brought on by the resignation of Mr. Ezer Weizman, the Defence Minister, continued yesterday as Mr. Menahem Begin, the Prime Minister, tried to persuade his junior coalition partners to accept the reshuffle he proposed earlier this week.

Despite two days of consultations, and a veiled threat by Mr. Begin that continued opposition to the changes could lead to the fall of the Government, two junior coalition parties persisted in rejecting Mr. Begin's choice of Foreign Minister.

It is expected to take at least a weekend of political horse-trading before the Prime Minister can work out a formula which may be acceptable to all parties. This may even entail him deciding not to press ahead with his planned reshuffle but rather take on the Defence portfolio himself.

Mr. Yitzhak Shamir, the Foreign Minister who Mr. Begin wanted to transfer to defence, said he did not think the Cabinet troubles would affect the peace process.

He also rejected suggestions that the resignation of the popular and moderate Mr. Weizman would adversely affect the Palestinian autonomy negotiations with Egypt.

However, there is still an outside possibility that Mr. Begin's Government could collapse, if the six members of the Democratic Movement headed by Mr. Yigael Yadin, the Deputy Prime Miniser, insists on voting against the appointment of Mr. Yitzhak Modai, the Energy Minister, as Foreign Minister. After a meeting with the Prime Minister yesterday, the Democratic Movement members said they still opposed Mr. Modai's appointment.

Mr. Menahem Begin . . . his choice is opposed.

Hungry Chinese look to 'capitalist road'

BY COLINA MACDOUGALL

AFTER 30 years of socialism China still cannot feed its population. About 100m people, the Peking Peoples' Daily said recently, live in or near places which have not had a good harvest since the introduction of co-operatives in the mid-1950s. Last March the authoritative journal Red Flag said China was facing a very serious food shortage. China still has to import 10-12m tonnes of grain annually.

What has gone wrong? The People's Daily blamed the "Left-wing" policies which 1960s. These, it said, had downgraded incentives to the point where numerous peasants rely on state subsidies rather than have prevailed since the mid-boost output to keep up with the growing population. But this is only part of the story. The Chinese press has also pointed out that bureaucracy, irrational cultivation and poor planning have all bedevilled the agricultural scene.

Yet China claims record grain output increases in the past two years. Why it should admit now to a food shortage is far from clear. According to the latest figures from Peking's State Statistical Bureau, China last year produced 332m tonnes of grain, a 9 per cent increase over the 1978 figure of 305m, itself a remarkable success.

If these figures are correct, the rate of increase is well above the 1979 population growth of 1.2 per cent. This should have meant more food for everyone, particularly as vegetables, oil and even meat were far more plentiful.

Yet Peking itself may not have the full facts. Centrally compiled statistics are only as accurate as the raw material, and the Chinese press has recently been critical of local officials who artificially inflate figures.

In addition, Peking has no real idea of the size of the population. With no census since 1953 (though one is planned for next year), the figures are at best educated guesses. Hence the Chinese leadership really only knows that there are huge hardship areas that must be subsidised.

Raising agricultural productivity, especially in the hardship regions, is a formidable task. Traditionally the Chinese have been intensive cultivators, so the scope for improvement has always been limited. In the fertile, well-watered regions, with new modern inputs, productivity has gone up substantially. By now, however, this has probably reached its peak. In the dry, cold or saline areas—especially in those that are remote—output would be hard to increase under any circumstances.

The difficulties have been multiplied by the erratic policies of the past 20 years. Some localities, the People's Daily said, had stagnated since the disasters that followed Chairman Mao's "great leap forward" of 1958. Greater rewards for the peasants were briefly introduced in the early sixties to counteract those disasters, but were disgraced and ridiculed in the 1966 cultural revolution and after.

Agricultural planning was short-sighted throughout. Too much emphasis was placed on grain to the exclusion of often more suitable crops.

In the freer and more pragmatic 1980s, Peking is prepared to relax collectivisation in the hardship areas, and, according to the People's Daily, to permit the "capitalist road." This gamble may provoke political dissension, and may not even succeed. Yet it is clear that at present Peking sees no other way to reduce the drain on food supplies caused by the 100m hungry people

Attendance at Cape schools falls sharply

ATTENDANCE at schools in the Cape peninsula dropped considerably yesterday after two mixed-race pupils were shot dead by police, AP reports from Cape Town.

The Committee of 81, which organised the six-week-old boycott of classes in protest against inferior education, appealed to young people late on Wednesday to refrain from violence and to "avoid any direct confrontation with the police."

Mr. Louis le Grange, the Police Minister, confirmed that police opened fire on Wednesday afternoon to disperse pupils stoning cars driven by whites in the Elsies River township near Cape Town. Two youths were killed and three people were injured.

Iranian Parliament starts work

Iran's first Islamic Parliament, charged with setting terms for the release of the American hostages in Iran, started work yesterday, Reuter reports from Tehran. In its first official meeting, the assembly debated procedure and set up 10 committees, which will study deputies' credentials and draw up guidelines for transacting parliamentary business. There was no discussion about the hostages.

Salisbury protest on police harassment

Several hundred black women demonstrated yesterday in Salisbury's main park against police moves to curb illegal vending in the capital's townships, AP Reports from Salisbury. The women, some of whom had paraded outside parliament on Wednesday complaining of harassment and demanding that the police be replaced by a "people's force," cheered speakers who denounced the white-dominated force.

Pakistan appoints Foreign Minister

Pakistan's President, Gen. Zia-ul-Haq, yesterday promoted Mr. Agha Shahi, his foreign affairs adviser, to the post of Foreign Minister, according to an official communique, Reuter reports from Islamabad. Gen. Zia previously held the Foreign Minister's portfolio himself.

ENERGY REVIEW: GASOHOL — BY ROSS WILSON

Turning alcohol into fuel in the U.S.

THE U.S. is taking gasohol—90 per cent unleaded gasoline and 10 per cent ethyl alcohol—very seriously. An estimated 3,000 petrol stations across the country are now selling the fuel. Texaco, the third largest U.S. petrol distributor, expects that it alone will soon have 1,100 such stations. Amoco and Phillips are also in the business, and the question is whether Exxon and Mobil, the two biggest fuel distributors in the U.S. can be far behind.

To set the present gasohol programme in motion, the U.S. Administration has introduced tax credits and waivers, Federal loans and loan guarantees, to help create a climate favourable to gasohol production by both farmers and industry without direct government participation. "This amounts to a strong and positive signal to American industry that the Government is committed to the production and use of gasohol for a long time," said Mr. John C. Sawhill, Deputy Energy Secretary.

Corn would be the initial primary raw material for the production of the ethyl alcohol—ethanol—pure, anhydrous alcohol, 100 degrees Gay Lussac, or 175.06 proof Sikes on the British scale, or 200 degrees on the U.S. scale of proof strength. But Mr Sawhill and other U.S. officials forecast a gradual switch to other agricultural materials and even municipal wastes by the mid-1980s.

The programme would be financed by using between \$8.5bn and \$13bn revenue proposed from the windfall profits tax to speed up progress over the next decade. Carter economists forecast that the programme will expand U.S. capacity to 500m gallons of ethanol annually by the end of 1981 and almost 2bn gallons by 1985.

But even the most optimistic forecast by the Administration means that gasohol will immediately play a modest role in America's energy production during the early to mid-1980s. The 2bn gallons of ethanol forecast for 1985, when blended with gasoline, translates into 20bn gallons of fuel—assuming the currently accepted 9:1 ratio—and with current gas/petrol consumption over 100bn gallons a year, the U.S. would need more than 10bn gallons of ethanol to meet current gasohol needs.

Some 5,000 applications for smaller "experimental" ethanol producing plants—mostly from farmers—have been received by the U.S. Bureau of Alcohol, Tobacco and Firearms and over 1,500 have already been approved. Some 65 applications for large commercial type plants were also received in the past year. Six, with a combined production capacity of 170m gallons a year, have received permits and most of the remainder are pending. Plants are being located mainly in one of three regions: the Mid-West grain states: the South-East sugar/citrus states, and the Western geothermal states.

With gasohol stations in 14 states, Texaco is the U.S. alcohol fuel market leader.

More than half of America's current 80m gallons of ethanol a year is produced by the Archer Daniels Midlands Company, of Decatur, Illinois, a diverse agro-processing (biomass) concern. Mr. Dick Burket, Midland's vice-president, says that a large plant can be brought on stream from scratch in under two years. Midland has been certified by the U.S. Department of Energy as having a positive energy balance: it ships ethanol to about 30 states and reports increasing sales.

Publicker Industries of Greenwich, Connecticut, is the major ethanol supplier in the North-East of the U.S. At present, the capacity of its main plant in Philadelphia, Pennsylvania, is 15m gallons a year. Publicker's executive vice-president Mr. Joseph C. Mineo says: "If market conditons warrant, the volume could be expanded to 65m gallons, making Publicker the largest single producer of alcohol for gasohol in the U.S."

Recently, American Distilling sold its mban distillery in Pekin, Illinois, to Midwest Solvents which announced that it planned to use the distillery to produce gasohol. However, the plant could be converted to produce industrial or beverage alcohol. Closed at the moment, the Pekin plant is expected to be operating by the summer and to produce 50,000 gallons a day, roughly the amount Midwest produces at Atchison, Kansas.

All potable alcohol distillers are watching developments carefully. American Distilling's executive vice-president for marketing Mr. Paul Berkowitz, says that potable spirit distilleries typically have the capacity to distil alcohol up to 192 degree proof on the U.S. scale. An extra coloumn still, costing between \$1m and \$4m each, would have to be installed to produce 200 degree U.S. proof ethanol.

On a gallon basis, the cost of changing 192 degree proof alcohol to 200 degrees could be as low as 1 cent, according to R. G. Shoniker and Associates International, in its quarterly beverage alcohol report. It points out that 200 degree proof alcohol commands a premium of 9 cents a gallon and concludes that as ethanol demand increases, the price of 192 degree alcohol will rise, giving producers of rum, tequilla and brandy who do not use grain feedstock a cost advantage.

For the past two years, National Distillers has undertaken a programme to improve its technical capabilities in the use of various carbohydrate raw materials (including corn) for the production of low-cost ethanol for fuel and other purposes. In its recent third quarter report to shareholders, it was stated that National, through its own research facilities, is developing sophisticated new processing techniques.

"Currently, a continuous fermentation process under study offers a high probability of successs and National has applied for a number of related patents," said the report. Also, through its association with Cetus Corporation, a company involved in the technology of recombinant DNA (genetic engineering), National hopes to develop an improved cell strain for converting these renewable resource materials to alcohol — at reduced cost.

Some American economists argue that the use of gasohol nationally would over-tax the agricultural sector, decrease food sources available to consumers, raise prices and use more energy to produce than it provides. The Shoniker analysis says the expanded production of ethanol will drive up the price of some spirits. "Enough ethanol to reduce U.S. gasoline demand by only 2 per cent would raise the price of corn by 28 per cent and probably increase the cost of certain distilled spirits and beer."

But others do not accept that food prices would be affected. They maintain that if all gasohol were produced from corn, the additional demand would be heavy, but corn is only one feedstock for ethanol. One bushel of corn produces about 2.5 gallons of 200 degree proof ethanol. The U.S. annually uses over 100bn gallons of motor fuel. To produce 10bn gallons of ethanol for gasohol would require 4bn bushels of corn — if all ethanol were corn-based.

The U.S. now produces 6bn bushels of corn a year, so output would apparently have to be increased by 80 per cent to produce the additional 4bn bushels needed.

However, of the 6bn bushels U.S. farmers now grow, over 3bn—75 per cent of the present national ethanol needs—are used for cattle food. The Illinois Department of Agriculture says the U.S. cattle-food supplies would not be hit by ethanol demands, since for every fit-for-feed bushel used, one third is recovered as distiller's dried grain solubles (DDGS), top quality cattle-food with its protein and nutrient content unchanged. Corn unfit for food can also be used to produce ethanol, but its resulting grains could not be used for cattle-food.

Moreover, it has been shown that substituting DDGS for 20 per cent of the whole corn fed to cattle produces a 13 per cent increase in beef output. It also produces 40 per cent more protein for human consumption than would result from cattle which are fed whole corn only. So the use of enough corn to supply a large portion of ethanol needs would not lower food supplies that much.

And corn is only one ethanol feedstock—abundant, but not the best. Sugar crops are the most efficient. They already contain the needed sugar and no conversion of the starch to sugar is necessary. Another potential source is cellulose—the often unused part of plants, trees, grasses and other types of plant material containing starch and sugar.

Some critics allege that it takes more energy to produce ethanol than it provides. That was true of the potable spirits distilleries and alcohol plants built to satisfy the needs of World War II. But it does not apply to plants built in recent years specifically to produce ethanol.

A U.S. Department of Energy study, The Report of the Alcohol Fuels Policy Review, concluded that even if oil and gas were used to produce ethanol, a modern facility would have "a clearly positive (though small) net energy balance." The study added that when agricultural material and wood waste were used, the balance improved substantially.

Brazil uses sugar cane to produce ethanol and all gasohol sold there during the past five years has contained 20 per cent ethanol. Government cars run on pure alcohol fuel. A Brazilian plan will put 1.7m cars on straight alcohol by 1985, and developments in the pursuit of an ethanol, alcohol fuel are already in progress in West Germany, Sweden and other countries.

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Jamaica 'will need refinancing of $750m debt'

BY HUGH O'SHAUGHNESSY

MR. MICHAEL MANLEY, Prime Minister of Jamaica, forecast yesterday that his country would need a "total refinancing" of $750m of its foreign debt, whichever party emerged victorious from the elections expected later this year.

In an interview in London he expressed some optimism about the financial situation of Jamaica, which broke off negotiations with the International Monetary Fund in March and rejected IMF remedies for its balance of payments crisis.

Mr. Manley is on his way to Libya, where he is to hold talks about future economic co-operation with the Gaddafy government.

The Jamaican leader said that talks now going on in Kingston with the World Bank about loans to Jamaica under the Bank's structural adjustment fund programme were going well and that facilities which Jamaica might have expected to lose after it broke with the IMF had not been withdrawn.

He singled out the Governments of West Germany, the Netherlands, Sweden and Norway as having been particularly co-operative during Jamaica's present crisis. He added that Venezuela had already advanced funds to Jamaica in anticipation of a scheme under which Venezuela would lend oil receipts for use by developing countries with balance of payments problems or with major development plans to finance.

He also laid emphasis on current plans to invest some US$1bn for the expansion of the bauxite industry.

Alcan was increasing production by 25 per cent, while Kaiser, Reynolds and Anaconda were pushing capacity up from 950,000 tons to 1.3m tons of bauxite. Under a new scheme employing Hungarian technology, U.S. contractors and Algerian and Iraqi capital, 600,000 tons of alumina would be supplied to markets in the Soviet Union, Algeria, Iraq and Mexico.

Mr Manley claimed tourist receipts by the Bank of Jamaica had risen by 50 per cent over recent months, though he cautioned that the recent wave of violence in Kingston could cut the tourist trade in the run up to the election, expected in September.

Shooting of black leader shocks U.S.

By David Buchan in Washington

PRESIDENT Jimmy Carter and American black leaders yesterday expressed shock at the shooting of Mr. Vernon Jordan, director of the National Urban League and a prominent member of the Civil Rights movement in Indiana early on Thursday.

Mr. Jordan's condition was said to be critical. No suspect has been found nor has a racial motive been established for the shooting, which evoked memories of the assassination of the Rev. Martin Luther King in 1968. That sparked riots around the country.

Obviously seeking to prevent a repetition of the 1968 reaction, Mr. Benjamin Civiletti, the Attorney-General, told a Press conference that Mr. Jordan's shooting did not appear, from the information available, to be linked to his civil rights activities.

The shooting came after Mr. Jordan had addressed the Fort Wayne, Indiana, branch of the Urban League, at which he warned of the conservative drift in American politics, and of the need to increase social programmes for the urban poor and needy.

Hopes fade for more liberal regime in Chile

BY MARY HELEN SPOONER IN SANTIAGO

GEN. AUGUSTO PINOCHET'S regime in Chile has no intention of becoming less authoritarian. This is the interpretation given to the sentences of three months' internal exile passed on 37 Chileans this month.

There were signs that the military junta, in power since 1973, might be edging towards more liberal rule. The state of siege legislation was lifted more than two years ago, and there was speculation that moderates within the Government might be gaining influence. The Catholic Church has a list of nearly 500 people still unaccounted for after being detained by the security forces, although reports of further disappearances have virtually ceased. But few Chileans were predicting a "Santiago spring."

With the recent reinstatement of the internal exile decree, and vague hints from Gen. Pinochet that his timetable for an eventual return to civilan rule might be delayed, Chile's military junta appears to have settled down for an indefinite period of Franco-style rule.

On the economic front, however, the Pinochet Government has been able to claim some very real successes. Inflation, which had been as high as 600 per cent during the Allende Government, is running at 38 per cent this year. The Gross Domestic Product, which shrank by 12 per cent in 1974 (the year after the coup) grew by 6.8 per cent last year to $17bn.

But not all of Chile's 10m inhabitants are enjoying any economic improvement. Unemployment has been reported at 12.5 per cent, and this figure does not include the 140,000 people engaged in the Government's minimum employment programe, who receive about $30 a month for working full time at menial jobs. This group constitutes 3.4 per cent of the Chilean workforce.

On May Day this year, some 50 people were arrested for taking part in unauthorised demonstrations, considerably fewer than in 1979. That year, the courts ruled that the 385 May Day protesters detained had committed no crime, and ordered their release. But this year, with the internal exile decree back in effect, most of those arrested were quickly banished.

The internal exiles included three young men studying for the Catholic priesthood at a Santiago seminary. They had been invited to attend Labour Day ceremonies at the headquarters of a local textile union and were arrested, with two nuns, as they waited at a bus stop after leaving the ceremonies.

Gen. Augusto Pinochet, No 'Santiago spring.'

The internal exile decree stipulates that people arrested on charges of illegal political activity may be held for up to five days while authorities check their records. "Repeat offenders" may be sent to a remote area of the country.

The first group of people sentenced under this decree were arrested for taking part in International Women's Day Activities on March 8. The Government had prohibited any commemoration of the day, calling it Communist-inspired, and had even rescinded authorisation granted earlier to the Society of Chilean Writers to hold a meeting on the life and work of Sra Gabriela Mistral, the poetess and Nobel laureate, scheduled to be held that day in a Santiago theatre.

Another sign of the junta's hard line was the firing of Sr. Hernan Cubillos, the Foreign Minister, and his replacement with the more conservative Sr. Rene Rojas, formerly Chile's Ambassador to Spain.

Two months ago, Gen. Pinochet left Santiago on a Pacific and Asian tour. Just 48 hours before he was to arrive in the Philippines, President Ferdinand Marcos withdrew his invitation. The cancellation of the visit, and Gen. Pinochet's hostile reception in Fiji from egg-throwing protesters, prompted him to return to Chile immediately.

Sr. Cubillos, a skilful diplomat credited with having persuaded Britain to restore full diplomatic relations with Chile, and with having avoided a break in relations with the U.S. over the assassination in Washington of Sr. Orlando Letelier, a prominent opponent of the regime, was dismissed by Gen. Pinochet on his return.

His sacking marked a victory for those in the Chilean Government who favour an even more authoritarian regime. The hardliners include Gen. Pinochet's daughter, Sra. Lucia Pinochet de Garcia, and Gen. Juan Manuel Contreras, the former head of Chile's secret police.

Sr. Cubillos was disliked by the hardliners because he recognised that arbitrary arrests and other highly visible forms of military repression had to end if Chile's international image was to improve.

Left-wing guerrilla activity has been growing. The main guerrilla group appears to be the Movement of the Revolutionary Left (MIR), an armed group active during the Government of the late President Salvador Allende, which lost almost all its adherents during the purges by the armed forces and the massive exodus of exiles after the 1973 coup.

At least two attacks in recent weeks have been attributed to the movement. On April 28, five or six people attacked an "eternal flame" monument commemorating the 1973 coup. A police guard at the monument was killed, as was one attacker.

A Chilean lawyer whose clients include people accused of guerrilla activity said members of the movement had indeed claimed responsibility for the attack, but insisted that the policeman's killing was accidental.

A few days later, guerrillas attacked the offices of the National Information Centre, blasting the building's walls with machinegun fire before fleeing. The National Information Centre is the intelligence agency which in 1977 replaced the more infamous secret police, whose Spanish acronym was Dina.

The irony is that the guerrillas, in becoming more active, have given Gen. Pinochet another excuse to tighten his grip.

Military chief resists budget cuts plan

By Our Washington Correspondent

THE U.S. military's top brass yesterday took public issue with President Carter over the 1980-81 defence budget, proposed by Congress but now opposed by the White House as excessive.

Gen. David Jones, chairman of the Joint Chiefs of Staff, told a Congressional committee that the $153.7bn military spending plan for next year was not really enough to meet all the services' needs.

But all the officers appearing before the House Armed Services Committee carefully qualified their disagreement with Mr. Carter to say they were not "working against our Commander-in-Chief."

In an abrupt switch of tactics, President Carter this week decided publicly to oppose the Budget resolution, thrashed out between Senate and House negotiators this month, which would limit total spending next year to $613.3bn. Mr. Carter did not object to the overall level—which puts the Government in surplus for the first time in 12 years—but to the Budet's composition.

Cuba accepts blame for sinking ship

By Nicki Kelly in Nassau

THE CUBAN Government has accepted responsibility for the May 12 sinking of the Bahamas defence force ship Flamingo by two of its aircraft. Cuba has agreed to make reparations for the loss of the vessel and four of its crew.

In a note to Mr. Paul Adderley, Bahamas Minister of External Affairs, Cuba apologised and blamed the sinking on a "regretable confusion." There was no intention to violate Bahamian sovereignity or territorial integrity, the message said. The Flamingo was attacked shortly after arresting two Cuban fishing boats for poaching in Bahamian waters.

House bars aid plan for Nicaragua

WASHINGTON — The U.S. House of Representatives yesterday approved President Jimmy Carter's request to reduce requirements about how much U.S. intelligence agencies must tell Congress, but it later voted overwhelmingly to bar $5.5m military aid to Nicaragua.

The votes came as the House started work on the $5.5bn Foreign Aid Bill.

AP

Savings bodies allowed to pay more on deposits

BY DAVID LASCELLES IN NEW YORK

WASHINGTON has eased the rules governing the interest rates, which banks and savings institutions can pay, in an effort to restore the flow of small depositors' funds.

The move is also aimed at stimulating funds for mortgages to revive the flagging housing industry.

Banking regulators will allow deposit-takers to pay 1½ per cent more on 2½-year savings certificates. At the moment, the rate is linked to an average money market rate.

The rules also set a minimum rate of 9.25 per cent for banks and 9.5 per cent for savings institutions, who have traditionally enjoyed a small edge on rates.

Permitted interest rates were also increased on the highly popular six-month money market certificates. The increase depends on the type of certificate and the issuer, but generally the rate increase is ¼ per cent, based on the same average money market rate as before.

Bank regulators are worried that the recent sharp decline in U.S. interest rates will weaken the banks' and savings institutions' position in the competition for funds.

Brazil foundries give 35% price rise ultimatum

BY DIANA SMITH IN BRASILIA

BRAZIL'S ASSOCIATION of Foundry Industrialists has presented the Government with an ultimatum—either the Planning Ministry concedes the full 35 per cent price rise requested by the industry, or plants will be shut down.

The Government is willing to grant only a 28 per cent increase. The foundries, according to the association, are running at severe losses because of high inflation, fiercely tight credit and the rising price of energy, raw materials and labour.

Sr. Antonio Delfim Netto, the Planning Minister, has put what most industrialists consider to be unacceptable limits on price increases in key areas of production, as part of his anti-inflation strategy.

Two foreign concerns are involved — FMB (Fundicao Metalurgico do Brasil), which is owned by Fiat and supplies parts to Fiat of Brazil, and the Thyssen foundry, which also supplies the motor industry.

A shutdown by foundries would dramatically affect Brazil's motor industry, a key element in the country's troubled economy, which is just beginning to recover from a three-week strike by metalworkers.

The foundry association is imitating action taken recently by Brazil's soya growers, who threatened to dump their produce if the Government did not grant them a fair price. This price was granted.

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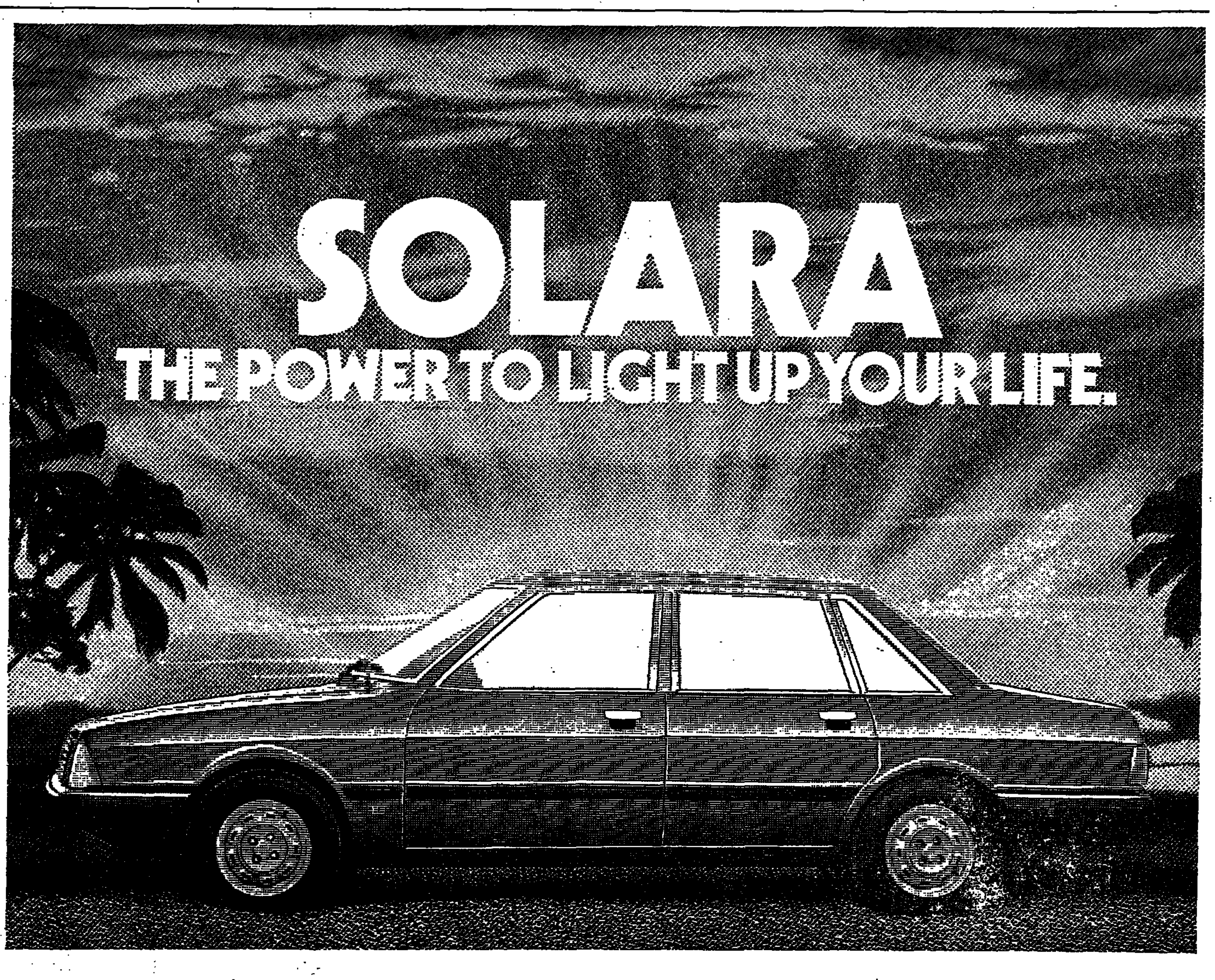

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Japanese car exports up 51%

TOKYO — Japanese motor vehicle exports in April fell 4.7 per cent to 503,200 units from 528,000 in March but rose by 55.1 per cent from 324,500 a year earlier, the Japan Automobile Manufacturers Association said. The April total comprised 339,700 cars, up 51 per cent from a year ago, 159,200 trucks, up 63.1 per cent, and 4,300 buses, up 132.6 per cent.

Exports to the U.S. the biggest customers for Japanese cars, totalled 207,400 in April, up 47.4 per cent from 140,700 a year earlier, reflecting the continued success in small, fuel economy car sales in the U.S. market.

Exports to the EEC amounted to 69,800, up 15.7 per cent from 60,300 from April last year, with shipments to West Germany up 73 per cent to 17,300, and to Belgium up 75 per cent to 11,200. But those to Britain fell 15.4 per cent to 21,500 from 25,400 a year ago.

The shipments to Saudi Arabia rose 40.5 per cent to 26,700 from 19,000 a year earlier, while those to Iraq soared 369.2 per cent to 12,200 over a year ago.

Exports to Australia totalled 17,800 up 76.2 per cent from 10,100 a year before.
Reuter

● A second Dutch car plant announced plans to cut production levels in the face of falling demand, Charles Batchelor in Amsterdam writes. Ford Nederland said it will cut assembly of transit trucks at its Amsterdam factory by 20 per cent in June by laying off production staff one day a week. Ford also plans to halve production of Taunus cars at its factory in Belgium next month by shutting down production for two weeks. Daily production of transit trucks in Amsterdam is 55, while 25,000 Taunuses are normally made in a month in Belgium. Volvo earlier announced plans to reduce the production target at its Dutch factory by 10,000 to 82,500 this year. New car sales fell by 12 per cent in the Netherlands in the first three months of 1980.

Iran embargo: UK exempts ongoing deals

BY PHILIP RAWSTORNE

EXTENSIONS of existing trade contracts with Iran will be exempted from two Government sanctions orders which came into operation at midnight last night. New contracts made in continuation of an established course of business will also escape the embargo.

The Export of Goods (Control) (Iran Sanctions) Order 1980 prohibits, with some exceptions, the export of embargoed goods from the UK to Iran for delivery to a person in Iran.

The Iran (Trading Sanctions) Order 1980 prohibits the making or performance of contracts for the sale, supply or transport of embargoed goods from the UK including the Channel Islands, Isle of Man and UK dependent territories to Iran.

The Orders, which will lapse unless approved by the Commons within 28 days, do not affect contracts made up to midnight last night.

Explanatory notes issued by the Department of Trade add: "This exemption also applies where such a contract has been modified, amplified or extended following the date of the Orders.

"The Orders provide that references to contracts made before the date on which the orders came into operation include new contracts for sale or supply made in continuation of an established course of business dealing between the same parties, relating to goods of the same or similar class and which existed immediately before that date."

All goods are embargoed except specified foodstuffs, medical products and other specified products if sold or supplied for medical or surgical purposes.

Foodstuffs are defined as all the commodities, foods and drinks, falling within Chapters 1 and 23 and parts of two subheadings in Chapters 33 and 35 of the Common Customs Tariff.

Medical supplies are also defined by reference to the Common Customs Tariff. Other products which could be used for medical and surgical purposes are listed in the Order.

Exporters wishing to ship foodstuffs or medical products should enter the goods with Customs and Excise on form C.273 in the normal way.

Exporters wishing to ship any other goods to Iran, including those products which could be used for medical purposes, must pre-enter the details with Customs on form C.63a.

Exporters must ensure that pre-entry documents contain a declaration that the goods in the consignment are not prohibited by the Orders.

The provisions of the Orders do not affect, in any way, other statutory or legal restrictions on the sale or supply of any goods to Iran. A computer, for example, will continue to require an export licence.

Nor does the possession of a licence under such legislation affect the prohibition of exports imposed by the new Orders. Unless an exporter can satisfy the exemptions provided for in the new Orders, an existing licence cannot be used.

The other main exceptions to the orders are ships and aircraft operating on scheduled services or re-exported after temporary impotation; and the personal effects and professional equipment of passengers to Iran.

Maximum penalties for breaches of the Iran (Trading Sanctions) Order are six months imprisonment or a fine amounting to three times the value of the goods involved. The maximum penalty for breaches of the Export of Goods Order is an unlimited fine.

The Department of Trade last night warned exporters that they should seek legal advice on the provisions of the Orders if they are in any doubt. The Department cannot advise on whether particular goods or services are exempt from sanctions but general advice on the application of the sanctions is available from its export licensing branch and C.R.5 Division.

China unable to keep Japan oil promise

BY RICHARD C. HANSON IN TOKYO

CHINA will be unable to provide the amount of oil to Japan over the next two years stipulated in a long-term trade agreement reached in 1978 because of increased domestic demand.

Officials travelling with Premier Hua Guofeng, here on an official six-day visit, told their Japanese counterparts it would be difficult to fulfil the pledge, which calls for exports of 9.5m tonnes of oil in 1981 and 15m tonnes in 1982. The Chinese did not say how much oil they would be able to ship, but indicated that, in the long term, China will be able to increase supplies as production capacity rises.

The meetings between Japanese and Chinese officials have tended to emphasise the long-term importance of the relationship, perhaps the best indication that both sides realise now there will be inevitable short-term delays and shifts as China moves ahead with its modernisation programme. Failure to meet the oil shipment plan represents just one such delay.

This is important because Japan, committed to help China develop its resources and infrastructure with financing amounting to around Y50bn (£96.5m), in return expects payment in the form of stable supplies of oil and Chinese coal. Coal shipments in large quantities will not be able to start until new transport and port facilities are built. These will not be completed for at least another three or four years.

At a Press conference yesterday Premier Hua expressed his desire to further expand trade with Japan that has reached a record level in 1979.

He noted that the bilateral trade reached $6.6bn in 1979 and is expected to climb to $8.6bn, and added that China and Japan would shortly sign an agreement on joint development of oil fields in the Bo Hai area.

On the political front, Premier Hua said that he had "reliable information" that North Korea had no intention of attacking the South unless the South attacked first. The South Korean military has been justifying its virtual takeover of the Government there in part on claims that North Korea had been making threatening moves. Premier Hua called these claims groundless.

Suez Canal charges to be increased

BY ROGER MATTHEWS IN CAIRO

A SIGNIFICANT rise in Suez Canal transit dues is to be imposed at the end of this year. The International Chamber of Shipping has been informed by the Suez Canal Authority of the impending increase but precise details have still to be worked out.

The increased charges will coincide with the scheduled completion in October of the $1.2bn first phase development of the canal. This will allow fully laden tankers of 150,000 tonnes to transit the waterway and vessels of up to 370,000 tonnes in ballast. The present limit is 60,000 tonnes fully laden.

The Suez Canal Authority is now studying the feasibility of starting work on the second stage development. Senior officials consider it vital that within the next five years the canal should be able to take the largest tankers afloat. Their only concern is that the deepening of the waterway should be timed to take full advantage of the anticipated upturn in world shipping activity.

Suez Canal dues have remained virtually unchanged since it was re-opened in 1975 but the Egyptian Government is now keen to maximise its earning potential. With revenues of over $600m last year it is the country's third largest foreign currency earner after oil and remittances sent back from Egyptian workers abroad.

For the past five years the authority left the rates unchanged in order to win back customers and restore confidence in the canal. Having achieved that in broad terms—some 95,000 ships have passed through without serious delay or accident—the Suez Canal Authority is now determined to attract more oil cargoes. It is also anxious to raise its charges selectively so that the increased costs are borne more by those to whom the canal offers the greatest savings.

Earnings are expected to top $700m this year and should be at the $1bn level in 1982 or 1983. The authority has not disclosed the proportion of increased earnings it anticipates will come from revised charges.

Work on the second phase development will to some extent depend on the availability of soft loans from abroad and the Egyptian Government's overall investment programme. But the Suez Canal authority is determined that the operation should be completed by 1985.

Our Shipping Correspondent adds: The re-opening of the Canal is expected to affect the overall supply and demand picture for various types of tankers quite considerably. Lloyd's Shipping Economist estimated recently that if 250,000 dwt tankers were loaded with part cargoes and diverted through the Suez as opposed to their existing route via the Cape, a partly laden VLCC could carry 10 per cent more oil to Europe in a full year than a fully laden ship making the Cape voyage.

According to Lloyd's Shipping Economist a pessimistic estimate is that the deepening of Suez could lead to a fall in demand for VLCCs of 15m dwt and a rise in demand for medium size tankers of 6m dwt.

Saudis join Bahrain petrochemical project

BY MARY FRINGS IN BAHRAIN

DR GHAZI AL-GOSAIBI, Saudi Arabia's Minister of Industry and Oil, signed an agreement in Bahrain yesterday to bring Saudi Arabia into the $400m (£169.5m) petrochemical project proposed by Bahrain and Kuwait.

The twin methanol and ammonia complex, scheduled to be in production by the end of 1983, is to be built in Bahrain. It will be owned by Gulf Petrochemical Industries, with a capital of BD 60m (£68.6m). The equal shareholders will be Bahrain National Oil (BANOCO), Kuwait's Petrochemical Industries (PIC) and Saudi Basic Industries (SABIC).

Dr. Al-Gosaibi said Saudi Arabia was participating for two reasons. First the project made good economic sense. Second, it was a step towards industrial integration in the Gulf region.

He confirmed that Saudi Arabia had abandoned its plan to build an aluminium smelter at Jubail. He said the project had been studied before the establishment of the 135,000 tonnes-a-year smelter in Dubai and the present expansion of the Alba smelter in Bahrain which will bring production there to 170,000 tonnes a year. Saudi Arabia is a 20 per cent shareholder in Alba.

NEM makes progress and reshapes for the future.

In 1979 our growth and profit have been influenced by business conditions in Australia and by the continued rise in the value of Sterling against those currencies in other countries in which we operate. In real terms our business has advanced not only in the United Kingdom but, excepting Australia, in other overseas territories, and our margin of solvency expressed as a percentage of our Group Net Premium Income has again improved thus enabling the Association to continue with its plans *for sensible and profitable expansion.*

Group Summary of Results

	1979 £'000	1978 £'000
General Business Premiums		
Arising in the U.K.	40,028	35,247
Arising elsewhere in the world	39,100	47,114
Long Term Premiums	42,741	36,388
Total	121,869	118,749
Group Underwriting Result	(1,938)	259
Investment Income (Gross)	11,141	10,880
Other Income	369	410
Profit before Tax	9,572	11,549
Profit after Tax	3,104	4,588

UK and Eire
Severe weather early and late in the year and unusual earth tremors in the North adversely affected our business in the UK and caused heavy claims in our Motor Account which nevertheless produced a small underwriting surplus. Despite this and severe competition, the Premium income increased with our planned growth rate. I believe that in the special circumstances of 1979 we can regard the outcome as *encouraging*.

Overseas
Serious market conditions affected our business in Australia. Record profits were produced in South Africa and significant contributions were made from our subsidiary and associated companies in other overseas countries.

Taxation
We suffer an unusually high tax burden. In the UK, being a Mutual Association, profits derived from insurance operations (underwriting profits) attract no tax; dividends, interest and other non-insurance earnings are assessed separately at the current rate of Corporation Tax. Overseas, particularly in Australia, we are taxed, as are Stock Companies, on the combined results of the insurance and non-insurance activities. We do not always enjoy the relief provided by Double Taxation Agreements and have to pay substantial tax in the UK on dividends and interest earned on our investments even when little or no profits are earned.

Life Assurance
Good progress was made by our principal subsidiary National Employers' Life Assurance Company Limited. New renewable premiums of £9.3 million were secured. Total net premium income including considerations for annuities granted, was £42 million while investment income rose to £14.7 million from £10.4 million in 1978. At the end of the year the long-term funds rose from nearly £119 million to £143 million.

Future Plans
To augment our business we are involving ourselves much more in reinsurance. In Bermuda we have established National Underwriters (Reinsurance) Ltd. in which we have the majority share interest. In London, agreement has been reached with a number of important overseas companies to establish an underwriting office with substantial acceptance capabilities. In both cases we are responsible for the management. We are also planning to relocate our administrative Head Office from London to Swindon.

M. H. R. King, Chairman

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US$ DEBENTURE LOAN WITH A COUPON OF 7.75 PER CENT.—1970/1985

Guaranteed by FINSIDER

FINSIDER INTERNATIONAL having already acquired under the Terms of the Loan 1381 bonds of a face value of $1000 on the market, Banco di Roma, in its capacity as Paying Agent, in accordance with the Sinking Fund Scheme, has drawn lots—on the issuer's behalf—for the remaining 219 bonds necessary to complete the eleventh redemption instalment due on July 1, 1980

The draw was on 7th May, 1980 in the presence of a solicitor and representatives from the Issuing Company and the Guarantor.

BONDS DRAWN FOR REDEMPTION JULY 1st, 1980

39	335	536	596	786	2627	2669
2718	2723	2757	2805	2916	3463	3467
5200	5332	5838	5908	5945	5952	6244
6408	6796	6815	6905	7239	7306	7372
7397	7402	7546	7656	7668	7706	7833
7834	8101	8155	8187	8265	8406	8507
8628	8748	8804	9038	9254	9442	9468
9471	9477	9526	9550	9927	10220	10284
10396	10398	10684	10858	10920	11001	11030
11382	11412	11431	11433	11467	11748	11758
11773	11820	11862	11995	12083	12213	12222
12565	12783	12857	12868	12955	12959	12970
13145	13148	13154	13166	13293	13302	13500
13579	13780	13961	14176	14185	14201	14565
14646	14648	14738	14936	15024	15254	15293
15357	15367	15377	15541	15547	15716	15832
15887	16083	16111	16263	16505	16539	16578
16809	16822	16842	17030	17055	17068	17082
17182	17724	17794	17870	17883	17938	18280
18284	18320	18465	18506	18554	18675	18678
18690	19051	19054	19151	19301	19405	19437
19501	19523	19609	19755	19830	19867	20049
20288	20377	20532	20611	20700	20702	20736
20787	20828	20849	20985	21129	21270	21425
21433	21494	21638	21661	21715	21774	21820
21924	21997	22079	22106	22211	22396	22399
22408	22413	22558	22567	22684	22701	22800
22866	22937	22951	22977	22980	23077	23093
23161	23166	23168	23177	23188	23237	23241
23344	23729	23756	23759	23840	23862	24049
24280	24367	24440	24511	24543	24640	24651
24836	24862					

The bonds indicated above for redemption will expire and be made payable as from July 1st. 1980 in US$ for the entire nominal capital plus interests accrued up to that date. They must be presented for redemption with all coupons expiring after July 1st, 1980 at the following Institutes :

—BANCO DI ROMA
—MANUFACTURERS HANOVER TRUST COMPANY
—S. G. WARBURG & CO. LIMITED
—BANQUE INTERNATIONALE A LUXEMBOURG S.A. LUXEMBOURG
(former BANQUE LAMBERT S.A. LUXEMBOURG)

Rome, 7 May, 1980

BANCO DI ROMA
Paying Agent

Senators criticise Ansett loan

By David Buchan in Washington

THE SENATE banking committee has criticised the U.S. Export-Import Bank for allowing itself to be stampeded into offering an overly generous credit to Mr. Rupert Murdoch's Ansett Airlines in Australia to buy Boeing aircraft.

A letter from Senator William Proxmire and three other committee members this week complained that the interest rate — an average 8 per cent on the $290m (£124m) loan — was too low, both in terms of general Ex-Im rates and of beating competition from the European Airbus sales drive.

But the letter to Mr. John Moore, the Ex-Im president, was silent on allegations that Mr. Murdoch received special credit terms from the U.S. because one of his New York newspapers endorsed the political candidacy of President Carter.

"The handling of the Ansett application was sloppy as a direct consequence of failure to question the factual assertions and bargaining tactics of Mr. Rupert Murdoch, of Ansett Airlines, and Mr. Jack Pierce of Boeing airlines," the Senate letter said. Much criticism, even from Ex-Im Bank board directors, was directed at Mr. Moore for rushing through the Ansett loan in half the normal time for loan processing.

Mr. Moore took Mr. Murdoch's word for it that Ansett had a March 1 deadline on a rival offer from the Airbus consortium, thus the need for speed. But it then turned out Airbus extended this at Mr. Murdoch's convenience.

Lada plant considered for Canada

By Robert Gibbens in Montreal

AUTOEXPORT, the Soviet export company, and the Volzhsky car works in Togliatti, are considering assembling cars in Canada. Mr. Peter Dennis, president of Lada Cars of Canada, Toronto, a wholly-owned Canadian company which distributes the Soviet-built cars in Canada, said he had a "firm understanding" from Moscow on assembly in Canada. His company is surveying potential assembly sites.

Mr. Dennis said production could begin with the four-wheel drive Niva, popular in Europe and being introduced in Canada this summer. He also said any assembly operation would use local content as much as possible.

At present Ladas are being sold in eastern Canada mainly at a rate of about 4,000 a year. The car sells at C$4,500 (£1,640) per unit, slightly lower than the cheapest comparable Japanese and North American models.

However, industry officials say that local assembly from knocked-down parts cannot be economic at such a sales rate. The break-even point is normally put at between 75,000 and 100,000 units per year.

● Motor Iberica, the Spanish industrial vehicle and agricultural machinery producer, has won a contract to assemble buses and minibuses in Venezuela, Robert Graham writes from Madrid. The initial order is for 600 units, but this is expected to be raised to 2,000 a year, worth $42m.

Comecon price fixing system to stay in force

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SYSTEM of fixing raw material prices within Comecon will remain in force, in principle, for the next five years, according to Mr. Richard Karski the Polish Foreign Trade Minister.

The Soviet Union has been pressing for a change in the system, whereby yearly prices are fixed on the basis of the average world price in the preceding five years.

The Soviets have proposed that prices should be determined every quarter on the basis of the average world price over the previous year.

In an interview with Zycie Gospodarcze the Polish economic weekly, Mr. Karski said the decision to stick to the present system was taken at the 93rd Comecon executive meeting in January. The system lessens the effect within Comecon of sudden price movements on world markets, but means that major raw materials suppliers like the Soviet Union are being paid below world prices.

In spite of the Polish Minister's statement, observers here say that the price formula issue is still very much under discussion. The new Soviet formula may, for example, be used when Comecon countries decide to buy extra raw materials for hard currency.

Hard currency payments for scarce goods within Comecon have been growing in recent years. While the old price formula will in principle remain in force, there is a feeling here that individual Comecon countries will more often in future pay prices they manage to negotiate with the Soviet Union for themselves.

New Issue
May 30, 1980

All these bonds having been sold, this announcement appears as a matter of record only.

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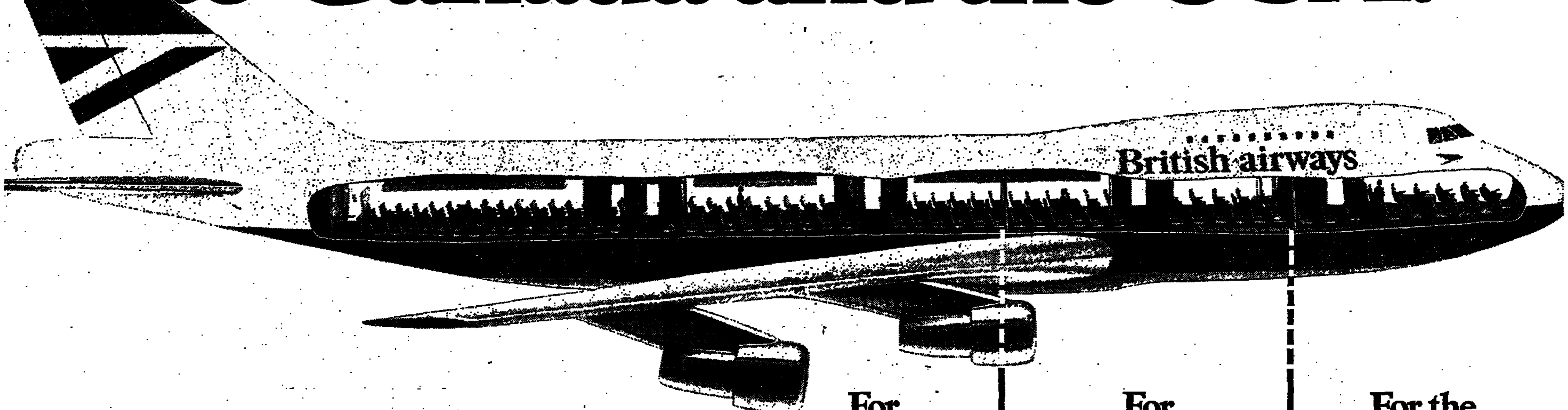

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UK NEWS

Talks soon on plan to shut Consett works

BY ALAN PIKE

TALKS ON the closure of Consett steelworks—the last highly sensitive area on the British Steel Corporation's rationalisation list—are expected to begin within a month.

The corporation has achieved the radical sliming of its Port Talbot and Llanwern works in South Wales without the industrial bloodshed which union leaders threatened.

Some 15,000 steel jobs in Wales will disappear, and lead to the loss of further jobs in the coal and related industries. Local leaders have accepted that the only alternative to the cuts would be the total loss of a major steelworks.

Consett, near Durham, is different. it is a total closure in a town where there is no easy prospect of attracting other other industry. About 4,000 jobs would disappear with its closure.

Unions leaders launched the campaign to save Consett during the three-month-long national steel strike. They are treating the fight to save the Durham works as a symbol of their continuing opposition to BSC's rationalisation programme, even though South Wales workers have again demonstrated their willingness to accept redundancy payments.

BSC, however, saw South Wales as the most likely centre of opposition to its programme to shed more than 50,000 workers from the industry. It is cautiously optimistic that—with Port Talbot and Llanwern behind it—it will be able to negotiate acceptable terms at Consett.

By last night none of the other unions at Llanwern, Gwent, had followed the Iron and Steel Trades Confederation—the industry's biggest union—in accepting an agreement to shed about 3,600 jobs at the plant and halve its capacity. But they are expected to do so within a few days.

The Wales TUC and national leaders of the steel unions have been embarrassed by the speed at which local representatives have accepted closures which they formally opposed. But the ISTC is going ahead with the production of an alternative strategy which advocatse developing role for BSC.

The union's strategy is based upon the argument that BSC should fight to hold and expand its e xisting markets,

BSC's new job-creation chief

BY ROBERT COLLRELL

Mr. John Dunbar

THE NEW chief executive of BSC (Industry), the job-creation subsidiary of the British Steel Corporation, is to be British businessman Mr. John Dunbar.

He replaces Mr. P. G. "Paddy" Naylor, who leaves the job after two and a-half years to set up his own employment consultancy.

A daunting task faces 49-year-old Mr. Dunbar when he starts on June 2. BSC (Industry) has set as its target for the current year the establishment of 10,000 new jobs. Plans already in train at BSC for more than 50,000 redundancies should ensure no shortage of future customers.

BSC (Industry) is principally concerned with finding jobs for the redundant steelworkers tehmselves. But it also seeks to restore the general employment infrastructure of areas stricken by steel plant closure.

It was set up in 1975, and last year assisted in the creation of 6,000 new jobs. They have been found for the most part in small and medium-sized projects, attracting companies employing between 20 and 150 people.

Mr. Dunbar sees BSC (Industry) performing a long-term catalytic role. A priority, he says, is "to ensure that the industries set up are ones that are going to act as 'primers for others."

He has had a diverse background in international business. He leaves Olayan Saudi Holdings, a $300m turnover Saudi-based transport and trading group where he was group vice-president (finance). Also he has been with Luxembourg-based European Enterprises Development SA, and U.S. company Litton Industries where he was vice-president of European Operations.

One of the versions of the new Bedford TL range of trucks—type 1630, dropsided with a new "high comfort" tilt-cab, and powered by Bedford's new 8.2-litre Blue Series diesel engine.

Bedford launches middleweight truck

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BEDFORD, the UK-based subsidiary of General Motors, today launches a middleweight truck which it hopes will boost growth, particularly in Continental markets.

The Bedford TL covers the same weight-band, 3.5 to 20 tonnes, as the group's TK truck, which continues in production. It shares many of the TK's main components but has a new, "high comfort" tilt-cab and will be powered by Bedford's new 8.2-litre Blue Series diesel engine.

This takes Bedford into the premium sector of the middleweight truck market.

Annual sales of the TK have been about 20,000 (of which about 14,000 have been in the UK. Bedford expects to increase these by offering two specifications in the same weight-band.

Share

It estimates that sales will be split 70 per cent TL and 30 per cent TK when production at the Dunstable plant reaches normal levels.

Bedford wants to build its share of the total UK over-3.5 tones truck market back to 22 per cent by the end of next year. At the peak, 1976, the company had a 22.5 per cent market share but since has achieved an annual 18-19 per cent penetration.

Bedford's market share has been depressed this year by industrial action at its Ellesmere Port plant last autumn, and by the steel dispute. Both contributed to the company's failure to meet demand.

Rapid

The steel dispute adversely affected the start of production of the TL but Bedford said it was making rapid headway and that most dealers have them in stock. A major advertising campaign will start in two weeks' time.

In the UK the TL's major rivals include various Leyland models and the Ford D series trucks, due for replacement in 1981. They are mainly employed in retail distribution but there are a wide variety of other applications for which the trucks are suitable.

Bedford's expectations of higher Continental sales are founded in European markets' preference for powerful, fast, lightweight trucks of the kind TL represents.

Cutlery makers divided over use of imports

GOVERNMENT moves to end the practice by some UK cutlery companies of stamping foreign-made goods as "Made in Britain" are likely to provide only short-term relief for an industry near total collapse.

Legislation is to be introduced in the autumn to force manufacturers to state clearly the origin of unfinished cutlery parts, imports of which have been undermining the UK industry.

The plight of the industry is illustrated by the fact that imports now account for almost 70 per cent of the £40m-a-year UK market.

They come from South Korea, Japan, Hong Kong, Singapore, Pakistan and India, countries where low steel prices and cheap labour enable cutlery to be produced far more cheaply than in Britain.

In the past 20 years the UK manufacturers' share of the market has slipped from over 50 per cent to 30 per cent. The reason for the decline has been low productivity compared with foreign manufacturers. But the vulnerability of the UK industry has been further exposed because some British makers have chosen to import cutlery blanks and finish them in Britain.

This has caused a deep division in the industry between those manufacturers who staunchly refuse to use imports and are calling for import restrictions to allow UK manufacturers to retrieve their market share, and those who say it makes economic sense to import.

Sheffield was once the heart of the cutlery world, but employment in the industry in the city has fallen from 35,000 in the 1950s to a mere 5,000.

The number of distinct manufacturing units has fallen from 800 units to just over 100. Although many were one-man operations, other well known names such as Joseph Rodgers, B. and J. Sippell, Walker and Halls, and Wolstenholme have disappeared.

Many of the smaller companies have been taken over as the industry has contracted. Arthur Price of Birmingham, the largest private cutlery maker, has taken over nine such companies in the past six years.

Arthur Price's formula for survival has been not to import but to move to the more expensive end of the retail trade and to attack the catering and hotel trade.

Trust House Forte was Arthur Price's first big customer in the hotel market, and the company also secured the prestigious contract to supply cutlery for British Airways' Concorde.

Viners, another big name in cutlery, has chosen to import many of the cutlery blanks it needs. Last year it incurred a pre-tax deficit of £104,839 compared with a profit of £170,523 the previous year.

● NEWS ANALYSIS—Elaine Williams looks at the threat to a traditional British industry from cheap foreign goods.

Viners' management says its losses were due to several factors: a shortfall in UK sales, low margins on some of its business, the strength of sterling, the rising price of silver for its plating, and high interest rates.

Few manufacturers would question the need for a strategy to revitalise the industry. For more than two years a working party set up under the Department of Industry has been trying to isolate the problems.

But conflicting interests have prevented any progress. Mr. John Price, chairman of Arthur Price and president of the Federation of British Cutlery Manufacturers, has described the working party as "an absolute waste of time."

The main drawback seems to be that too many interests—those of importers and UK makers—are represented on the working party.

Mr. Price feels that the only way forward is to meet directly with Government Ministers, and is asking for a meeting with Mr. Cecil Parkinson, Trade Minister, to try to find a remedy.

It took the federation, which has 60 members, three years' hard campaigning to get any Government action to stop almost wholly foreign-made parts being stamped as British.

This action was aimed at saving one of the few areas left to British manufacturers—silver-plated reproductions of eighteenth-century patterns, which have been enjoying a revival for the past five years.

Once legislation is passed in the autumn, it will mean that even silver-plated imported goods, which require a substantial amount of finishing work in the UK before they are ready for sale, would have to bear a mark showing the extent of foreign content.

But the industry's survival will not rest solely on clear cutlery marking. It wants some form of non-tariff import barrier to protect it for two to three years while it attempts a recovery.

Mr. Price wants the Government to look closely at France, Italy, Portugal and Spain, which have avoided being swamped by imports either by using red tape or by more informal methods.

The UK industry feels that the Government should give its own cutlery manufacturers similar protection before the industry becomes totally dependent on imported cutlery blanks, as is the case in West Germany, the Benelux countries and Scandinavia.

Dock rebuilding

THE PORT of Sunderland is to go ahead with improvement schemes costing about £685,000. Almost £0.5m of this is to be spent on providing a new dam and sluices at the north end of South Docks.

NATIONAL BANK OF HUNGARY

U.S. $25,000,000, 8¾ per cent. BONDS 1981

DRAWING OF BONDS

Morgan Grenfell & Co. Limited announces that Bonds for a total of U.S. $752,000 nominal of the above Loan have been purchased and tendered to them for cancellation.

Notice is hereby given that a Drawing of Bonds of the above issue took place at the offices of Morgan Grenfell & Co. Limited on 20th May, 1980 attended by Mr. Richard Graham Rosser of the firm of De Pinna, Scorers & John Venn, Notary Public, when 4,248 Bonds for a total of U.S. $4,248,000 nominal were drawn for redemption at par on 30th June, 1980. The nominal amount of the Loan outstanding after 30th June, 1980 will be U.S. $5,000,000.

The following are the numbers of the Bonds drawn:—

208	211	212	216	217	218	219	223	226	228	230	234	235	241	243	247	248	253	259	260
263	273	274	275	280	283	284	286	310	311	313	315	319	320	321	322	325	326	329	330
332	334	336	361	368	371	372	374	375	378	380	381	387	390	392	393	395	399	402	404
419	421	424	425	429	431	434	435	437	439	440	442	447	448	449	450	456	460	466	467
468	473	475	478	482	483	484	485	486	488	489	492	493	494	495	496	499	500	501	503
504	507	510	511	512	514	515	516	517	519	521	522	526	528	533	534	535	538	539	541
542	545	547	551	552	557	560	561	563	564	567	568	569	573	575	577	578	581	583	584
1002	1003	1004	1006	1008	1010	1014	1017	1020	1050	1206	1208	1210	1211	1212	1215	1217	1218	1222	1224
1226	1227	1228	1230	1231	1236	1238	1241	1244	1246	1247	1249	1250	1251	1252	1255	1256	1261	1262	1268
1270	1272	1274	1280	1281	1283	1284	1291	1292	1298	1300	1306	1328	1329	1330	1331	1337	1343	1344	1345
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23736	23737	23738	23741	23742	23744	23745	23746	23747	23748	23749	23751	23752	23753	23758	23759	23760	23761	23766	23772
23773	23775	23777	23779	23780	23781	23783	23784	23787	23790	23791	23792	23795	23796	23798	23799	23806	23807	23811	23812
23813	23815	23817	23819	23820	23822	23831	23833	23841	23842	23845	23846	23847	23849	23850	23851	23852	23855	23863	23875
23876	23878	23879	23884	23885	23888	23889	23894	23896	23899	23905	23906	23907	23909	23910	23912	23913	23914	23920	23921
23922	23923	23924	23928	23930	23936	23943	23950	24252	24254	24255	24258	24261	24264	24266	24267	24268	24270	24271	24274
24278	24280	24282	24288	24290	24292	24293	24297	24299	24301	24302	24303	24310	24321	24322	24327	24328	24331	24332	24334
24337	24338	24339	24340	24341	24344	24347	24348												

The above Bonds may be presented for payment of the proceeds of redemption at par on or after 30th June, 1980 at the offices of any of the Paying Agents named on the reverse of the coupons, in the manner specified in Condition 7 of the Terms and Conditions of the Issue printed on the Bonds.

Principal Paying Agent: Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London EC2P 2AX

Note:- Four clear days will be required for examination of Bonds presented for redemption to the Principal Paying Agent in London.

Studies may affect gaming industry

BY CHRISTINE MOIR

INSTITUTIONAL INVESTORS are seriously questioning whether public companies ought to be involved in the gaming industry.

In the wake of events which led to closure of Ladbrokes, London casinos and objections to some of Coral's licences, the institutions have studied details of the Gaming Act with disquiet.

Although the institutions are preoccupied with the urgent need to rehabilitate the two companies now threatened with loss of gambling revenues, their studies could have wider implications for the industry.

Reasons for their disquiet include provisions of the Gaming Board, and the unsuitability to gaming of the traditional structure of a public company and for a Stock Exchange listing.

One investment manager believes the institutions may have to recommend to the Stock Exchange that gaming companies are unsuitable for listing, because their assets cannot strictly be regarded as either permanent or transferable.

Gaming companies' assets, the institutions believe, depend on the grace and favour of the Gaming Board which, together with the police, has wide and final powers under the Gaming Act to control the industry. It can close casinos without compensation, and prohibit resale, and it seeks stronger powers.

It is asking permission to withdraw licences for casinos from companies whose ultimate ownership changes through takeover.

The board also has power to close the industry completely. It has a statutory duty to provide and regulate sufficient outlets to satisfy "unstimulated natural demand" for gaming, and itself determines that demand's level.

If it decides demand is reducing, it has an obligation to limit the number of outlets. This applies to casinos and bingo-halls.

In recent months the board appears to have begun such a programme, following reduction in numbers of Middle Eastern gamblers visiting Britain. Earlier this month it issued a general warning that it would be wrong for applicants for new licences to assume these would be issued as a matter of course to replace licences withdrawn.

The institutions also fear that the traditional structure of a public company—owned by widely differing interests, with executive power delegated to a board and executives—may not provide the tight, centralised control of operations demanded by the board before granting a licence.

The institutions believe this requirement favours private companies, where ownership and executive control are more directly linked. The board denies it consciously favours private companies but agrees it insists on tight control at the highest level.

This insistence seems to have been a factor in the Ladbroke case. Having been deemed unfit to operate casinos itself, Ladbroke restructured its casino operations under an arms' length subsidiary, City and Provincial Gaming Holdings.

But the board refused to let the parent escape penalty for breaching the Act by any restructuring. Offenders must not be able to escape punishment by a mechanical device, the board decided.

The institutions fear this decision indicates a general principle that a gaming company, once convicted, could be barred for ever from the industry and might not be able to sell off its beneficial interest in it.

Public companies, which have indirect ownership and control, depend on permanent assets capable of being transferred through sale of shares, the institutions say. The requirements of the Act are such that gambling cannot be guaranteed to provide this sort of security.

Racal tops European electronics league

BY JASON CRISP

BRITISH ELECTRONICS companies are the most labour intensive in Europe yet they include some of the most profitable, says a study of the 30 largest European electronics companies.

The three most profitable—based on a ratio of pre-tax profit to sales—were UK companies. The study by Mackintosh Consultants shows that in 1978 Racal was the most profitable with a ratio of 27.2 per cent.

Rank Organisation, which includes substantial other activities, achieved 25.3 per cent and GEC's profits were 15.1 per cent of sales.

The best performing non-UK companies were LM Ericsson, the Swedish telephone equipment company, and Nixdorf, the German mini-computer manufacturer, whose profits represented 8 per cent of sales.

The Dutch company, Philips, the largest in electrical and electronic goods, achieved 3.8 per cent and Siemens, the German group, which is second largest, 5.9 per cent.

In contrast the UK companies, along with those in Italy, have the lowest productivity as measured by sales per employee. Only Racal, which has sales of $48,400 per employee, compare with average levels achieved by other major European electronics companies. But even this is well behind Nixdorf ($70,100), Saab-Scania, the Swedish defence and trucks group ($65,700), Oerlikon-Buhrle, a Swiss conglomerate ($56,200), and CII-Honeywell Bull, the French computer company ($54,000).

GEC, Britain's largest electronics company, has lower productivity than the other European giants, with sales per employee of $25,300. This compares with Siemens ($44,800), Philips ($39,000) and AEG-Telefunken ($43,000). Currency conversions were based on IMF averages for 1978, the fiscal year for the company reports analysed.

While most European companies had sales per employee of over $30,000 most UK companies slipped below that mark. Although 10 UK companies feature in the top 30 their combined turnover only equals that of Siemens ($14,428) and is less than that of Philips ($15,119).

Measured in electronics turnover alone, GEC is Europe's fifth largest, behind Thomson-Brandt and AEG-Telefunken. With estimated sales of just over $2bn, GEC is less than quarter the size of Philips, whose sales exceed $9bn.

Mackintosh European Electronics Companies File is available from Mackintosh House, Napier Road, Luton. Price £75.

Whisky deal rejected by Distillers

By Gareth Griffiths

THE DISTILLERS Company has turned down an offer from an import-export company to guarantee enough whisky orders to keep all its plants at full time work.

Madison, Benson and Carter, a London-based company offered to guarantee enough orders for the plants at Stepps, South Queensferry and Fife to remain in full production.

At present 3,600 production staff are on short time working because of falling export orders.

Mr. Ron Smith, Madison, Benson and Carter's managing director, said yesterday he could arrange a consortium within 48 hours to guarantee sales of between 100,000 and 1m cases of whisky a month. He said 12 wine wholesalers were prepared to be consortium members.

Madison, Benson and Carter want to sell Distillers' brands directly to Continental supermarkets, bypassing Distillers' distributors. It wants access to all the company's brands, not simply those doing badly. Johnnie Walker and Dewars would be included, although their bottling plants are working full-time.

Mr. Smith said his company operated on a 2 to 3 per cent profit margin and there was no lack of demand for Scotch at the right price

Labour factions ready for battle

BY PHILIP RAWSTORNE

LABOUR'S Left- and Right-wings yesterday squared up for another bitter contest over party power and policies at tomorrow's one-day conference.

Seven Left-wing groups united to launch a renewed campaign in support of their demands for "party democracy." At the same time, the Right-wing Campaign for Labour Victory responded with an angry challenge to the policy statement to be put before the conference by the Left-dominated National Executive Committee (NEC).

Mr. Alex McGivan, the campaign's organising secretary, described the programme as "a typical product of the party's current mess," and called for a radical re-think of policy. He said the NEC was out of date and negative and should be restructured. Its programme offered "no serious basis for a party manifesto."

The Left aims to use tomorrow's party gathering to beign rallying support for the critical votes on party reform at the October conference.

Mr. Anthony Wedgwood Benn will press the Left-wing demands that Mr. James Callaghan, Opposition Leader, is intent on thwarting. These are the election of the leader by the whole party, the mandatory re-selection of MPs, a parliamentary party pledged to abide by party policy, the maintenance of the present Left-dominated structure of the national executive and its sole right to decide the party manifesto.

In a pamphlet to be circulated at the conference and later distributed throughout the party, Mr. Benn says the power of the party leader — "an elected monarch"—is one of the main reasons why the socialism of the Labour Party is not expressed in Parliament.

In its reply the Campaign for Labour Victory, which claims the support of over 100 MPs, called for more positive party policies. "There is not the slightest shred of evidence that the stale remedies of the past, particularly more nationalisation and state control over the economy, have either any popular appeal to working people or are an adequate solution to our economic problems," it said.

A group of former Labour MPs, led by Prof. David Marquand, last night called on Mr. Callaghan to reject the policies being put before the conference.

The group attacked in particular commitments in favour of nationalisation without compensation, a virtual commitment to withdrawal from the EEC, and confusion over defence policy.

Unity would benefit Protestants – Haughey

BY STEWART DALBY

MR. CHARLES HAUGHEY, the Irish Prime Minister, yesterday spelt out in detail his thoughts about his first full-length meeting with Mrs. Thatcher last week.

He restated his view that he was prepared to be flexible toward Northern Ireland Protestants in the sense that he envisaged a federated Ireland.

In a major speech, he said: "I have in mind that the northern majority would be invited to look at unity as a prospect offering them great advantage.

"I believe those talks in London on May 21 represent an important and significant development in the relationship between Britain and Ireland."

His speech met very little opposition in the Dail. Mr. Garret Fitzgerald, leader of the Fine Gael, the main opposition party, said: "My desire and that of my party is to maintain as far as possible the common position on Northern Ireland with other parties here. Secondly, never, under any circumstances, to seek political advantage on this issue."

Reliant Scimitar cuts put 130 on short time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE SLUMP in demand or big engined cars in the UK has forced Reliant to cut production of the Scimitar sports estate.

From next week 130 employees on the Scimitar line at the Tamworth, Staffs., plant will switch to one day a week working indefinitely.

Output was running at 20 cars a week early this year as Reliant built up for the launch in late February of a convertible version of the Scimitar. Like its sister models this uses the 2.8 litre Ford engine incorporated in some Granadas.

The evidence suggests potential customers for the Scimitar have been attracted away by BL's "Buy British" campaign, the major price cuts offered on the Rover and by the aggressive marketing by other volume producers.

Reliant, which is a subsidiary of J. F. Nash Securities, says production of the three wheeled Robin continues as normal, and output of the four wheeled Kitten will be increased slightly.

Last year Reliant sold about 5,000 Robins, 500 Kittens and 1,000 Scimitars.

Record £25,000 paid for netsuke

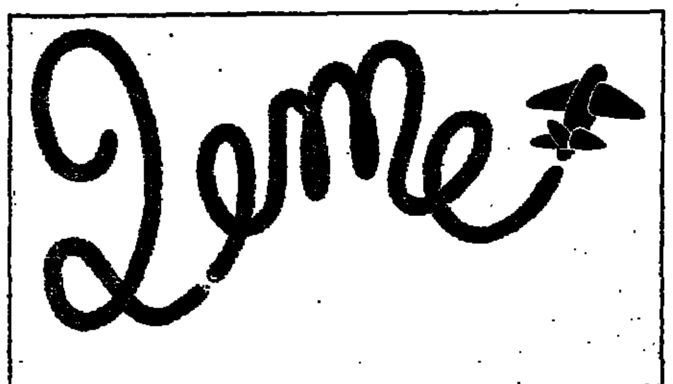
SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S established a new high for a netsuke in London yesterday while Sotheby Parke Bernet in New York was setting an auction record for a painting. Oriental Treasures, an American dealer, paid £25,000 for an 18th century ivory netsuke of a recumbent stallion, signed Okatomo. The previous best was £19,000 paid at Christie's in 1979.

The netsuke and inro total of £240,145 was above forecast. Other high prices were £11,500 from Eskenazi for a rare silver lacquered inro and £9,500 for a wooden inro.

In the auction of prints, which totalled £153,183, a set of oriental racehorses by Ekeman-Allesson sold for £6,500, and eight plates by H. Alken of the Beaufort Hunt, 1833, for £5,000.



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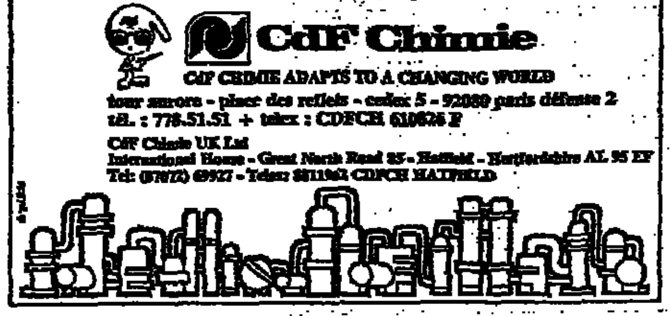

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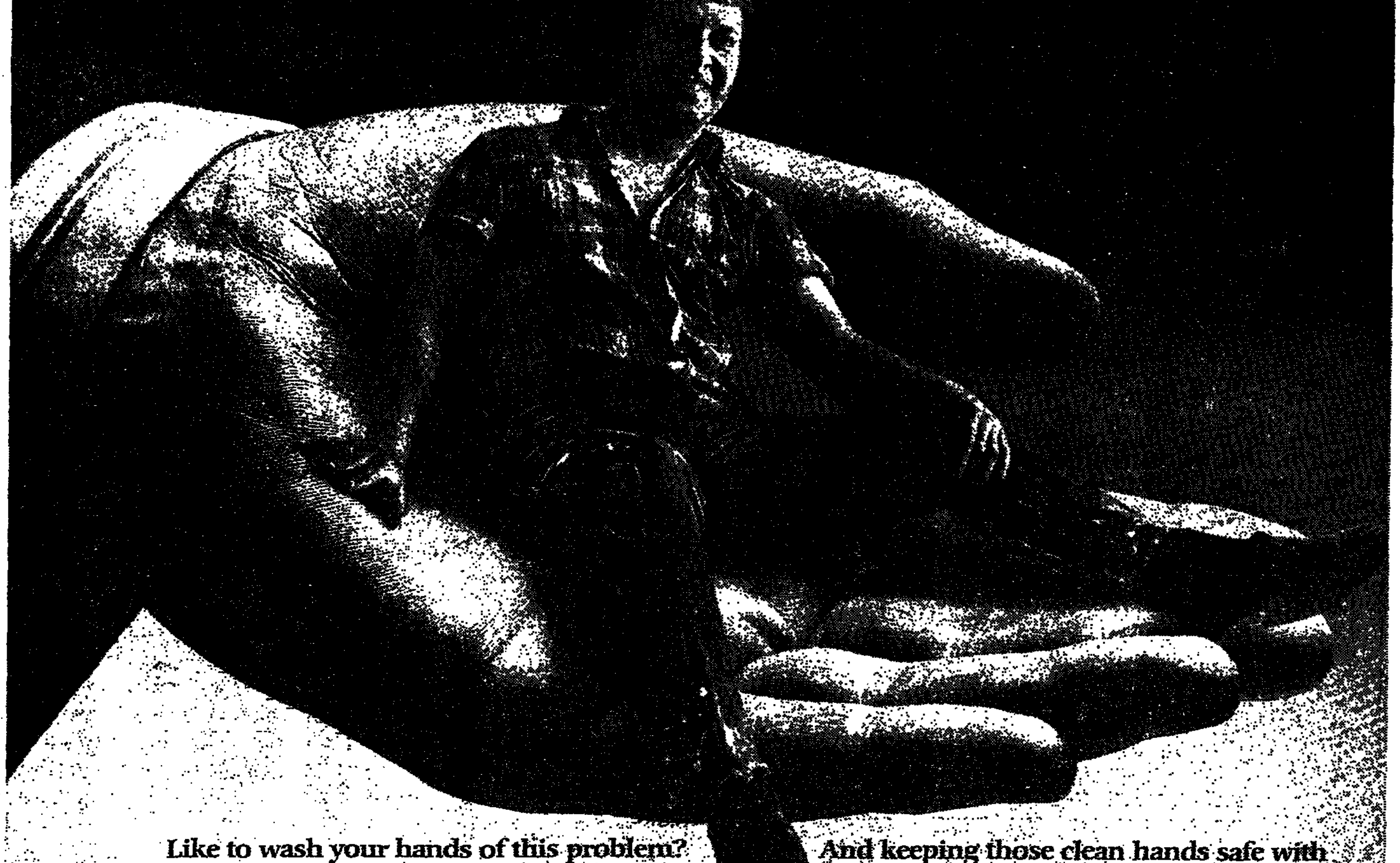

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Unaudited group results for the six months to 28th March, 1980

	Six Months ended 28.3.80 £000	Six Months ended 30.3.79 £000	Year ended 28.9.79 £000
TURNOVER	88,381	79,381	162,233
Trading Profit before Charging Expenses below	13,432	11,199	25,379
Repairs to Properties	2,216	1,803	3,996
Depreciation	1,957	1,460	3,230
Interest Payable	1,160	1,430	2,358
Investment and Short Term Interest	(193)	(100)	(273)
PROFIT BEFORE TAXATION	8,292	6,606	16,068
less ESTIMATED TAXATION	3,056	2,383*	5,798
PROFIT AFTER TAXATION	5,236	4,223	10,270
less Preference Dividend	194	194	388
Earned for Ordinary Shareholders	5,042	4,029	9,882
INTERIM DIVIDEND to be paid on 18th July, 1980	1,661	847	2,906
2nd INTERIM DIVIDEND paid on 7th September, 1979	—	675	—
	1,661	1,522	2,906
Earnings per Share			
Ordinary Share	9.11p	7.28p*	17.85p
'A' Ordinary Share	1.82p	1.46p*	3.57p
Earnings per Share (calculated on the basis of a 52 per cent tax charge)			
Ordinary Share	6.84p	5.38p	13.23p
'A' Ordinary Share	1.37p	1.08p	2.65p

**Adjusted to reflect the effective rate of tax for the full year.*

- Profit before tax up 25.5 per cent.
- Interim Dividend of 3p per Ordinary and 0.6p 'A' Ordinary Share payable on 18th July, 1980.
- Early repayment of £9 million Medium Term Loans due to strong cash flow.
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C. J. B. HATTON
Chairman

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INTER-CITY

Investment Group Limited

Results for the financial year ended 31st December, 1979

	1979	1978
Group Turnover	£10,123,000	£9,846,000
Profit before Taxation (including share of profits of associated companies £46,000) (1978 £15,000)	167,000	700,000
Taxation	30,000	178,000
Profit after Taxation	137,000	522,000
Dividends	56,000	109,000
Retained Profit	£81,000	£413,000
Net Earnings per Ordinary Share	1.47p	5.60p

The expectation of an improvement in demand arising from the October, 1979 income tax repayments was not fulfilled and turnover was maintained only at the expense of gross profit margins. This, together with an increase *in interest charges of £273,000 over 1978 stemming from the very high interest rates both at home and abroad,* resulted in a downturn of profits and for the year to 31 December, 1979, the Group profit, before taxation, amounted to £167,000. These results are considered by the Directors as a temporary set back only, but having regard to the lower profit and the very high cost of borrowing, they consider it to be in the best interests of the Company not to recommend the payment of a final dividend.

The Wholesale Distribution Division continues to be the major contributor to Group profits. Ranges of goods have been extended and several large multiple stores are becoming regular customers. Turnover of our Cash and Carry outlets continues to increase and it is still the Board's policy to extend this business as and when opportunities occur. *Gross profit margins* in the first quarter of this year show a recovery and on the basis of demand continuing at present levels this Division is expected to show a good improvement on last year.

The depressed state of the textile industry had its effect on the Textile Manufacturing Division which suffered a trading loss of £220,000. The remedial action taken last year did not have the full effect anticipated during the second half of 1979 but it has enabled the range of fabrics to be increased and new customer areas to be pursued. Now, for the first time in many months our order book looks encouraging and if this trend continues, a return to profitability of this division should materialise before the end of 1980.

Future Prospects

The ever-changing political climate and economic measures, both home and abroad, continue to have their effect on industry and without reasonably stable conditions the future must remain uncertain. However, the start to the year has been encouraging and leads me to anticipate a good recovery with profits for the year up on those of 1979.

J. Harris, Chairman

Copies of the Report and Accounts are available from the Secretary.

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May 1980

UK NEWS

BR Chunnel company mooted

BY LYNTON McLAIN

AN INDEPENDENT company may be set up to own and operate a Channel Tunnel, Sir Peter Parker, the chairman of the British Railways Board, said yesterday.

He told a meeting of the Royal Institute of International Affairs in London such a company could act as a link between the Government, which owns British Rail, and the private investors now being sought to fund a Channel Tunnel.

British Rail wants the Government to decide about a fixed link across the English Channel next year. The first step after Government approval would be the preparation of a treaty with France formally committing both sides to build a link.

The necessary legislation would take about two years and work on building the tunnel could start by 1983 if the Government approval was given next year. And the link could be in operation by 1989.

Sir Peter recognised that the attempt to attract private risk capital for a Channel Tunnel could involve spreading the capital requirements over "several phases."

But he had no doubts about the economic viability of the single-bore rail only tunnel proposed by British Rail and French Rail. The joint final report of the two railways is expected to be published by early autumn.

In the meantime British Rail is looking forward to the next meeting of European Community transport Ministers in July. Sir Peter said he had hopes of more positive EEC moves on the tunnel at the meeting.

Forecasts for traffic flow through the tunnel pointed to 8m passenger journeys a year and 8m tonnes of freight—representing a third to a half of the Channel freight business—by the end of the century. In addition, BR planned to take up to three motorail trains a day through the tunnel. Lorries would not be carried.

SNP renews oil revenue demand

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party, defiant despite crushing defeats in the general election last year and the local polls earlier this month, returned to its old demand yesterday that all oil revenues from the North Sea should go to Scotland.

At the opening of the party's annual conference in Rothesay, the party's chairman, Mr. Gordon Wilson, MP for Dundee East, said that the choice had been given to the people of Scotland: rich Scots or poor British. The slogan had been attacked when first used, he added, but had proved horribly correct.

"In this conference I do not want us to pull our punches. The Tories are destroying modern Scotland, and the North British Labour Party is allowing them to get away with it.

"With independence and control over our own oil resources and national financing, we could show that we could prevent Scotland from falling into the abyss of de-industrialisation. As Norway has displayed, countries with oil wealth can curb inflation and get economic growth without pricing themselves out of world markets as Britain is doing."

The party, which lost nine of its 11 Parliamentary seats in March last year and 100 councillors at the local elections, it at its lowest electoral level for a decade. But morale is high among delegates who believe the Government's economic policies will lead to an industrial collapse which will force Scots to turn back to the SNP as the only credible political option.

Mr. Douglas Henderson, senior vice-chairman, said the old alliance of Labour, which controlled local district councils, and the Conservatives was imposing expenditure cuts on teachers, who are striking over pay in Scotland.

"The teachers are not the only ones with a grievance. There are a quarter of a million Scottish pupils whose education is being affected by the Government's intransigence on the pay question and the Labour council's cowardice in not fighting against the Tories. SNP councils would not have been so coy."

Mr. Tim Sillars, former MP for South Ayrshire, who left Labour to form his own independent group and is now to join the SNP, addressed a fringe meeting last night calling for a more radical leadership in the independence movement for Scotland. But Mr. Jim Fairlie, accused him of being out of touch

Furniture industry 'in recession'

BY JAMES McDONALD

THE UK furniture industry is in one of the worst slumps for more than a decade, says a leading manufacturer.

The industry—enjoying boom conditions almost a year ago—is traditionally in the front-line of any general recession.

Short-time working and redundancies have become widespread.

But some manufacturers, particularly those with good export trade in the upper price end of the market, are faring better than others. Even in exporting, however, producers face difficulties because of the strength of the pound.

Gomme Holdings, maker of G-plan furniture, is one of the latest manufacturers to introduce short-time working—a three-day week for 800 workers at its Nelson factory, which deals mainly with the trade's upholstery side.

In addition 200 workers and office staff out of a total of 700 are to be made redundant by August at the Grovewood Products Kitchen Furniture plant in Tipton, West Midlands. The company, part of the Duport Group, says the cut have to be made as part of a streamlining plan.

The industry employs 90,000 people and sells £1.6bn worth of wooden furniture and upholstery a year.

There are no giants in the industry. Gomme Holdings, for example, is one of the larger manufacturers employing just under 2,000 people. Its turnover last year was £30.3m. Christie-Tyler, the largest had a turnover last year of £69m. It employs nearly 3,200 and has also introduced some short time working.

The industry's fragmentation means it is impossible to obtain any up-to-date total of short-time working. But, earlier this month Mr. H. N. Sporborg, chairman of Gomme Holdings, said the furniture market, and upholstery in particular, had been reduced drastically since the end of February.

He estimated that the industry's trade deliveries in the first quarter of this year had fallen 15 per cent in volume compared with the same period in 1979.

The latest official statistics for the industry cover up until the end of February. The Department of Trade's index of orders in hand, on a seasonally adjusted basis, stood at only 59 (1975=100). This is 28 points, or 32 per cent, lower than in February 1979. The three-months running index was 28.7 per cent lower.

With the industry already facing a much smaller domestic market it is concerned about the rising trend in imports, particularly cheap products it suspects of being unfairly priced.

The imported furniture share of the UK market is only about 18 per cent and until fairly recently exports and imports have not been too much out of balance—respectively £156m and £178m last year. Imports are increasing, mainly from the countries suspected of dumping.

British manufacturers have been in touch with the anti-dumping unit at the Department of Trade and with makers in other EEC nations. They believe Czechoslovakia, East Germany and Romania may be subsidising exports through their state trading organisations.

Among "market orientated" countries being investigated and against whom a case of unfair pricing may be made to the Department of Trade are the U.S., South Africa, Malaysia, Taiwan, Indonesia and Yugoslavia.

£750,000 repairs to North Sea platforms

By Martin Dickson

REPAIRS COSTING more than £750,000 are to be carried out to the production platforms in the North Sea's Piper and Claymore oil fields following the discovery of hairline cracks.

Occidental Petroleum, the operator for the two adjacent fields, said yesterday the damage was minor and "absolutely no danger to our personnel." The cracks, thought to have been caused by the pounding of heavy seas, were in "non-structural" areas which did not bear significant weights.

Most of the cracks are on Piper, which was installed five years ago. The Claymore platform was installed four years ago.

The repairs involve the placing of about 50 clamps on the affected areas. A contract for two-thirds of the clamps has gone to a Dutch company, VKV, while the remainder are going to companies in the Aberdeen area.

Occidental said the cracks had no connection with past corrosion problems on the Piper platform. Production will not be affected.

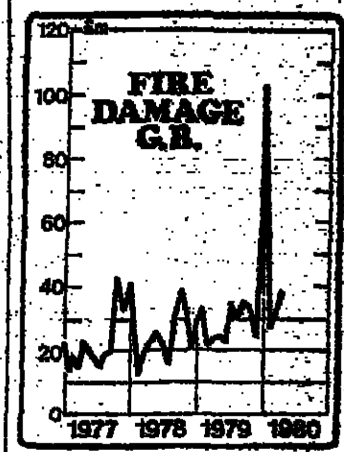
Production from the Piper field was cut by nearly 25 per cent from April 1, down to some 200,000 barrels a day, to allow reservoir properties to be evaluated. The field will be producing at this rate until the end of September.

This is the third report of structural problems on UK production platforms in the past fortnight, all of them said to be minor.

Two weeks ago 40 men from a 260-strong crew were taken off the Thistle A platform after routine maintenance inspection revealed a crack in the supporting strut of an accommodation unit.

Fire loss up by £4.5m

BY ERIC SHORT



FIRE DAMAGE costs rose £4.5m in April to £38.6m, £15m higher than damage for April last year, according to figures issued yesterday by the British Insurance Association.

This brought damage costs this year to £201m, nearly double the figure for the corresponding period last year. Much of this year's increase arose from the fire in January at the British Aircraft Corporation's warehouse at Weybridge costing £72.5m—the largest fire damage case in the UK.

In contrast to the general trend in recent months there was only one fire in April where damage exceeded £1m. This occurred at the bottle store of Wickham and Lang in Johnstone, Renfrewshire, causing £2.7m of damage.

There were another 12 fires where damage exceeded £250,000, so the high level of damage last month arose from a larger number of smaller fire claims. There were 104 fires costing more than £40,000 including 65 in places used by the public.

Tax laws 'spur to marriage'

By Elaine Williams

British taxation laws are inefficient because they provide an artificial incentive to marry, says a report by the Institute of Economic Affairs published today.

The report says "families receive extremely favourable tax treatment compared to the treatment of single people in the same circumstances."

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Assistant Secretary
LEGAL

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COMPANY NOTICES

PROVINCE OF NEWFOUNDLAND (CANADA)
Canadian Dollars 20,000,000 9½% 1975/1983 Bonds

Pursuant to the provisions of the Purchase Fund, notice is hereby given to Bondholders that nominal Cdn $ 500,000.- have been purchased for the Purchase Fund during the twelve-month period commencing May 15, 1979.

Amount outstanding: Cdn $ 19,250,000.-

PROVINCE OF NEWFOUNDLAND
(Canada)

May 29, 1980.

BANK HANDLOWY W WARSZAWIE S.A.

US$30 million Floating Rate 1978/88

The rate of interest applicable for the six months period beginning on 29th May 1980 and set by the reference agent is 10⅛% annually.

LEGAL NOTICES

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958

NOTICE IS HEREBY GIVEN that EBOR SECURITIES LIMITED of 4, Great St. Helens, London EC3P 3EP has relinquished the Principal's licence issued pursuant to Section 3 of the Act having transferred its business to Save & Prosper Securities Limited. EBOR SECURITIES LIMITED has made application to the Department of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the £500 deposited in pursuance of Section 4 of the Act. Any persons having a claim on the funds representing the deposit should send their names and addresses and details of their claim to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London SW1 not later than 30th June 1980.

PERSONAL

HELP THE SPREAD of education in the field of nature conservation and help protect British birds. The RSPB exists to save land for bird reserves, to fight pollution, deliberate poisoning and thoughtless development. Help us and you help ensure that the British countryside and its birdlife can be enjoyed by future generations. Send a donation to Department FT16, The Royal Society for the Protection of Birds, The Lodge, Sandy, Bedfordshire, SG19 2DL. Registered Charity No. 207076. Thank you.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

COMPANY NOTICES

GERMAN GOVERNMENT INTERNATIONAL 5½% LOAN 1930
(YOUNG LOAN)

The Bank for International Settlements, in its capacity as Trustee for the Conversion and Funding Bonds of the German Government International Loan 1930 (Young Loan), makes the following announcement:

Under the provisions of the London Agreement on German External Debts of 27th February 1953 (Annex 1, Section A, Paragraph 2(e)) the Young Loan is provided with the following Exchange Guarantee:

"Should the rates of exchange ruling any of the currencies of issue on 1st August, 1952, alter thereafter by 5 per cent or more, the instalments due after that date, while still being made in the currency of the country of issue, shall be calculated on the basis of the least depreciated currency (in relation to the rate of exchange current on 1st August 1952) reconverted into the currency of issue at the rate of exchange current when the payment in question becomes due."

Following the revaluations of the Deutschemark in March 1961 and October 1969, both of which involved changes in the formal par value of that currency of issue, no adjustments were made by the German Federal Debt Administration in the amounts payable to holders of Bonds denominated in the other currencies of issue as the German Authorities did not consider that revaluations gave rise to application of the Exchange Guarantee.

On the basis of legal opinions which it had obtained, in May 1961 the Trustee formally reserved the rights of Bondholders of all issues, other than the German issue, to any additional amounts which might become payable as from the 1st June 1961 maturity date for Bonds and Coupons of the Young Loan, and notified the German Federal Debt Administration of the Trustee's opinion that revaluations of currencies of issue gave rise to application of the Exchange Guarantee.

The Trustee accordingly instructed the Paying Agents concerned to pay the Bonds and Coupons due as from 1st June 1961 on the old basis and to take all the necessary steps to preserve the rights of the Bondholders to the additional payments which, in the Trustee's opinion, were due to them. As the Trustee was not a party to the London Agreement, it also requested the Governments which were parties to that Agreement to take the matter up with the German Federal Government in order to ensure that an appropriate solution was reached.

In May 1971 this question was submitted to the Arbitral Tribunal referred to in Article 28 of the London Agreement by the American, Belgian, British, French and Swiss Governments, the earlier negotiations which these Governments had had with the German Federal Government having failed to settle the question.

The Arbitral Tribunal published its award on 16th May 1980. Considering that the Exchange Guarantee was not applicable in the event of revaluations of currencies of issue, the Arbitral Tribunal rejected, by four votes to three, the application which the five above-mentioned Governments had made against the Government of the Federal Republic of Germany as respondent government. The three dissenting arbitrators issued a dissenting opinion.

It should be emphasised that this arbitral award only concerns the formal revaluations of the Deutschemark in 1961 and 1969. The Arbitral Tribunal was not asked to rule on the more recent question, which has existed since 1971, of whether or not the Exchange Guarantee is applicable when currencies of issue of the Young Loan undergo important de facto alterations in their rates of exchange which do not result from formal changes in par values agreed with the International Monetary Fund.

As a consequence of the floating of the exchange rates for the currencies of issue of the Young Loan, which commenced in May 1971 with the floating of the exchange rate for the Deutschemark and has been the case for all the remaining currencies of issue for many years now, the Trustee notified the German Federal Debt Administration and the various Paying Agents that the reservations which the Trustee had already made regarding the rights of Bondholders, and the precautionary steps to protect these rights being taken by the Paying Agents, extended to the new question of interpretation of the Exchange Guarantee to which floating exchange rates had given rise.

If it is considered, in the light of the recent arbitral award, that the Exchange Guarantee does not apply in the event of the de facto appreciation in the exchange rate of a given currency of issue, it remains to be established whether the same is true when a given currency of issue suffers a de facto depreciation in exchange value.

It should be recalled in this connection that the German Federal Debt Administration has applied the Exchange Guarantee, and made adjustments in the amounts payable to Bondholders of the American, British, French and Swedish issues of the Young Loan, as from the due date for Bonds and Coupons of 1st June 1978. These adjustments resulted from the abolition of formal par values—which in fact had long since ceased to be respected in commercial transactions—to which the amendment of the Articles of Agreement of the International Monetary Fund on 1st April 1978 gave rise. The adjustments so made in the amounts payable to the Bondholders in question were calculated on the basis of the Belgian franc, the currency of issue which, in the opinion of the German Federal Debt Administration, was, on each occasion, the "least depreciated currency" for the purposes of the Exchange Guarantee.

No adjustments have, however, been made in respect of the preceding period of de facto floating exchange rates, which had commenced in 1971. In the view of the German Federal Debt Administration, a view not shared by the Trustee, par values remained in force for the purposes of the Exchange Guarantee until the above-mentioned amendment of the IMF Articles of Agreement.

The Trustee has already drawn to the attention of the Governments concerned the consequences for Bondholders which result from floating exchange rates, and the further question of interpretation of the Exchange Guarantee to which this situation has given rise.

In these circumstances, the Trustee has informed the German Federal Debt Administration that until the outstanding questions are settled, the Trustee's earlier reservations of the possible rights of Bondholders to additional payments remain in force irrespective of whether or not the Final Coupon and the Bonds due for redemption are presented for payment on or after 1st June 1980. All the Paying Agents have been notified accordingly, and have been requested by the Trustee to maintain the protective measures which are necessary in the interests of Bondholders. In addition, the Trustee may make a further approach to the Governments concerned requesting them to take appropriate steps to reach the earliest possible solution of the outstanding questions to which floating exchange rates have given rise pursuant to the Exchange Guarantee.

BARLOW RAND LIMITED
(Incorporated in the Republic of South Africa)

7% UNSECURED NOTES 1975/84 ("THE NOTES")

SIXTH CAPITAL REDEMPTION

NOTICE IS HEREBY GIVEN that the sixth capital redemption, being 1/10th of the capital amount of the Notes outstanding at 1 July, 1974, will be paid to the holders of the Notes who are registered in the Company's register of noteholders at the close of business on 20 June, 1980. The registers of noteholders in Johannesburg and the United Kingdom will be closed from 21 to 30 June, 1980, both days inclusive.

Capital redemption payments will be made on 1 July, 1980, to those noteholders who have surrendered their certificates to the Company's registrars for endosement by 30 June, 1980. Thereafter, capital edemption payments will be effected against receipt of certificates lodged for endorsement and the attention of noteholders is drawn to condition 3(d) on the reverse side of the Notes' certificate.

The capital redemption payments will be in the currency of the Republic of South Africa, and the rate of exchange at which the payments will be converted into United Kingdom currency, for the payments by the United Kingdom Registrar, will be the telegraphic transfer rate of exchange between Johannesburg and the United Kingdom ruling on the first business day after 13 June, 1980.

By order of the Board.
W. C. WARRINER
Secretary
30 May, 1980

7% UNSECURED NOTES 1975/84
PAYMENT OF INTEREST

NOTICE IS HEREBY GIVEN that interest at the rate of 7% per annum for the six months ending 30 June, 1980 will be paid to the holders of the 7% Unsecured Notes 1975/84 who are registered in the company's register of noteholders at the close of business on 20 June, 1980.

The registers of noteholders in Johannesburg and the United Kingdom will be closed from 21 June to 30 June, 1980, both days inclusive. Interest cheques postdated to 30 June, 1980 will be posted to noteholders from the Transfer Secretaries' and United Kingdom Registrar's offices on or about 26 June, 1980.

This interest is payable in the currency of the Republic of South Africa, and the rate of exchange at which the payment will be converted into United Kingdom currency for the payments by the United Kingdom Registrar will be the telegraphic transfer rate of exchange betweed Johannesburg and the United Kingdom ruling on the first business day after 13 June, 1980.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident's tax of 10% (ten per centum) has been imposed on interest payable to:

a) Persons other than companies not ordinarily resident in South Africa; and

b) companies which are not South African companies.

and the company will accordingly deduct the tax from the interest payable to noteholders whose addresses in the register of noteholders are outside South Africa.

By order of the Board.
W. C. WARRINER
Secretary
30 May, 1980

BUSINESS ADDRESS AND REGISTERED OFFICE:	TRANSFER SECRETARIES:	UNITED KINGDOM REGISTRAR:
Barlow Park Katherine Street Sandton 2196—South Africa	Rand Registrars Ltd – 2nd Floor Devonshire House 49 Jorissen Street Braamfontein 2001—South Africa	Lloyds Bank Ltd Registrar's Department Goring-by-Sea Worthing West Sussex, BN12 6DA England
POSTAL ADDRESS: PO Box 78-2248 Sandton 2146—South Africa	POSTAL ADDRESS: PO Box 31719 Braamfontein 2017—South Africa	

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group
PAYMENT OF COUPON NO. 82

With reference to the company's interim report and dividend notice advertised in the press on 9th May, 1980, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the Company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 27th May, 1980.

Payment will be made against coupon No. 82 on or after 4th July, 1980 in U.K. currency at the London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London, EC1P 1AJ or in French currency at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue declarations. Where such deductions are made the net amount of the dividend is as follows:

	South African Currency per Share Cents	U.K. per Share Pence Equivalent Currency
Amount of dividend declared	65	35.40900
Less: South African non-resident Shareholders' tax at 15%	9.75	5.31135
	55.25	30.09765
Less: U.K. Income tax at 15%		5.31135
		24.78630

Secretaries of the Company in the United Kingdom
Charter Consolidated Limited
40 Holborn Viaduct
London EC1P 1AJ. 29th May, 1980.

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state: Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

NOTICE OF ANNUAL GENERAL MEETING
DISCOUNT BANK INVESTMENT CORPORATION LTD.

16 Beth Hashoeva Lane, Tel-Aviv, Israel

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the above-named Company will be held at the registered office of the Company at 16 Beth Hashoeva Lane, Tel-Aviv, Israel on the 24th June, 1980 at 9.00 a.m., for the following purposes:

1. To consider and approve the Balance Sheet, Profit and Loss Account, Directors' and Auditor's Report for the year ended on 31st December, 1979 and to declare the paid interim dividend of 18 per cent as final.
2. To re-elect Mr. Daniel Recanati as a director.
3. To re-elect Mr. Moses Bernhard Gitter as a director.
4. To re-elect Mr. Dan Tolkowsky as a director.
5. To re-elect Mr. Leon Yehuda Recanati as a director.
6. To re-elect Mr. Hermann Merkin as a director.
7. To re-elect Mr. Joseph Meyerhoff as a director.
8. To re-elect Mr. Raphael Recanati as a director.
9. To re-elect Mr. Dov Tadmor as a director.
10. To re-elect Mr. Victor Carter as a director.
11. To re-elect Mr. Arye Carasso as a director.
12. To appoint Auditors and fix their remuneration
13. To authorise the Directors (but so that the specific authorisation hereby conferred shall lapse if at the Annual General Meeting in the year 1981 or any succeeding year the same be not confirmed by Resolution of the Company) to issue any of the unissued shares in the capital of the Company for the time being in any part of the world on such terms and conditions as the Directors may think fit and without necessarily offering such shares to members.

Provided that (without prejudice to the powers conferred on the Directors by the Articles of Association) the specific authority hereby conferred shall not be deemed to cover during the period down to the date of the Annual General Meeting in 1981 and during each successive period from the date of one Annual General Meeting to the next, the issue (otherwise than to members or their renouncees) by way of rights or pursuant to a capitalisation [illegible]

14. [illegible]
15. Consideration of any other business which may be dealt with at such Meeting.

DAVID S. COHEN.
Secretary of the Company.

Notes: [illegible]

I.U. OVERSEAS FINANCE N.V.
US$35,000,000 8¼% GUARANTEED BONDS DUE 1987

Hambros Bank Limited advise that the redemption due on the above Loan, US$1,250,000 nominal, as the 1st July, 1980, has been effected by purchase.

HAMBROS BANK LIMITED.
29th May, 1980.

LABOUR NEWS

Post Office clerks may resign from CPSA

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE clerical workers in the Civil and Public Services Association are threatening to transfer their membership to one of the other major unions in the telecommunications business.

A transfer by the 37,000 Post Office members would be a serious blow for the CPSA, which has maintained its Post Office membership since the corporation separated from the Civil Service in 1969.

It would greatly reduce the membership power wielded by the union in both the TUC and in the ranks of the other Civil Service unions.

The two other unions most likely to pick up the CPSA members in the Post Office are the Union of Post Office Workers, the largest union in the corporation; and the Post Office Engineering Union.

The CPSA will today continue merger talks with the UPW. Union officials acknowledge that a merger is likely to arise between the two contending unions with the UPW the favourites for the Post and Telecommunications membership, especially in view of a recent arbitration award for the POEU which went heavily against the interests of CPSA members.

A merger with the CPSA would have considerable advantages for the UPW, which is facing seeing ts members in the telecommunications business—mainly telephonists—drawn apart from the bulk of its postal members in the forthcoming split between posts and telecommunications.

The addition of the CPSA's members would give the UPW a considerable bargaining unit of some 80,000 members. The CPSA, though, is concerned about the degree of autonomy its members would enjoy in the UPW.

The POEU has formally proposed a merger to the CPSA, offering the union's Post Office members the security of an autonomous occupational group within the union, including a separate annual conference and direct representation on the union's executive council at both national and regional level.

At present, the POEU executive comprises 23 members, 12 elected under the regional system and 11 by various occupational conferences.

CPSA Post Office members have become increasingly concerned about their subordinate position within the main Civil Service grouping of the union. Their pay and conditions are negotiated separately and their more stable membership is alarmed at the deepening political divisions in the main body of the CPSA.

The Post Office group has also seen its power in the union wane following the decision of last year's annual conference to end the block voting system for national executive elections. In particular this year saw the defeat for the national executive of the popular chairman for the Post Office group, Mr Spike Wood.

Mr Ken Thomas, CPSA general secretary, has already alerted the union's Civil Service members to the fact that the Post Office group "is currently discussing their future in the trade union movement in their industry."

He has told members that he wants the Post Office group to stay in CPSA, but he also wants the union properly equipped to represent them. Such questions, he has said, are fundamental to the future of the CPSA.

Prom planning goes ahead

BY OUR LABOUR STAFF

PREPARATIONS for this year's season of BBC Promenade concerts were going ahead yesterday despite the threat of a strike by the Musicians' Union.

The Proms season starts in six weeks, but the nightly concerts were under threat late yesterday of prolonged industrial action by the union.

It has been threatening to strike from Sunday over the Corporation's plans to axe five of its 11 orchestras as part of a two-year economy drive to save the corporation £130m.

The union and the BBC were still meeting late yesterday in an attempt to avert the strike—which would almost certainly mean the union's 41,000 members refusing to work for the BBC.

The union said earlier this week that it was very pessimistic about the prospectof a solution. It has also dismissed reports about offers designed to save the orchestras in Scotland and Northern Ireland.

The corporation has said that it will co-operate with any attempt by other groups to share the burden of music-making in those regions affected by the cuts.

Mr. Robert Ponsonby, BBC Controller of Music, said yesterday that the planned Promenade programme will be pursued until the last moment and if any strike is settled during the eight week season the hope will be to start the concerts as soon as practicable.

If the Proms are completely cancelled it will cost the BBC over £200,000 in compensation to artists and to the Royal Albert Hall, the venue. Last year the usually profitable series of concerts made a small loss.

Strike threat lifted at Labour HQ

THE THREAT of a pay strike by staff at the Labour party's new Walworth Road headquarters in South London was lifted yesterday when the Transport and General Workers Union, which has the majority of staff at the headquarters, voted 34-7 to accept a new offer made to them by the staff negotiations committee.

Apex, the second biggest union at the headquarters was yesterday recommending its members to accept the offer.

The transport Union intends to withdraw notice of a strike from Monday.

The 120 headquarters staff demanded a 32 per cent rise in line with the awarded to departmental heads at Walworth Road. But the staff negotiations committee offered them no more than 20 per cent.

Yesterday the committee increased the offer by 2 per cent and agreed to conduct a comparability study with TUC staff wages.

The National Union of Journalists and the print union, SOGAT, are likely to fall into line with the decision taken by the two biggest unions at the headquarters.

Mr. Nick Sigler, chairman of the joint trade union committee at Walworth Road, and a member of the transport union said they accepted the offer reluctantly.

"The argument against accepting was that higher grades would get more than lower grades. The reasons for accepting were that we had been offered 22 per cent and that there was unlikely to be a higher offer," he said.

Meanwhile, Labour's special one day conference will go ahead at Wembley on Saturday, although delegates will be affected by sanctions imposed this week by the headquarters staff.

'Special stresses' face women in top jobs

BY PAULINE CLARK, LABOUR STAFF

WOMEN MANAGERS face special stresses which expose them t ostress-related disease; the tree alo deter other women from taking management jobs, according to a pilot study published yesterday.

The study, produced by researchers at the Manchester Institute of Science and Technology, claims that in addition to the conflicting demands of career and marraige or family, women managers are subjected to sources of occupational stress which are not experienced by their male counterparts.

Women in senior posts must regularly cope with such problems as feelings of isolation and theb urden of being "the token woman" in adidtion to prejudice, sterotyping and covert discrimination from the people they work for and those who work for them, say the resarchers.

The project took a sample of 125 women managers whose positions ranged from company directors and executives to personnel managers, bank managers and engineers. Just over half worked for private industry, 21 per cent were in Government jobs and 19 per cent in non-profit making organisations.

Ms Marilyn Davidson, Research Associate and Professor Cary Cooper, Professor of Management Educational Methods, published the results of their pilot study in the latest issue of Personnel Management in preparation for a larger research project on the sources and levels of stress experienced by British women managers.

More than half the sample claimed that male colleagues had been promoted more rapidly, even in the past two or three years. In the past 10 years, this had been the case for three-quarters of the sample.

Picketing at MFI centres

Financial Times Reporter

East London, branch of MFI, the furniture group, will continue until the company reinstates 12 sacked Transport and General Workers' Union members and recognises the union, the TGWU said yesterday.

Union officials said MFI's public image was one of a modern and progressive concern "but as far as their industrial relations are concerned this dispute has shown they are still in the dark ages."

The 12 union members lost their jobs on May 21 after taking part in a strike for the reinstatement of a fellow member, Mr Gary Cook, who they believe was sacked unfairly for his trade union activities. He had been encouraging other warehousemen to join the TGWU.

Carpet workforce 'may be halved'

BY LORNE BARLING

THE NUMBER of jobs in Britain's carpet industry could be virtually halved in the next three and a half years, from around 28,000 now to about 15,000 if present unfavourable conditions persist, the Association of Scientific, Technical and Managerial Staffs warned yesterday.

The association has sent telegrams to the Prime Minister and to Sir Keith Joseph, Secretary of State for Industry, and Mr. John Nott, Secretary of State for Trade, to express its concern at the industry's rapid decline.

The numbers employed in UK carpet manufacture have fallen sharply in the past few years, from 47,000 in 1974 to 36,.000 in 1978. The most serious damage has occurred in the past year, due largely to an overwhelming flood of imports, mainly from the US.

A study of the industry's future was commissioned last year by the Carpet Industry Training Board which suggested three possible manning levels by 1988, based on various economic and industry factors.

The best of these was 34,000 jobs and the worst 15,000.

But after an ASTMS conference last week and a more recent survey of the current position at a large number of carpet companies, it is now believed that the level of 15,000 jobs will be reached by 1984.

Mr. Ken Orme, carpet industry divisional officer for the union in Birmingham, said a large number of carpet companies had recently ceased production or declared redundancies, and the outlook was bleak.

His prediction of a major decline in the next few years was based on the number of companies being supported by Temporary Short Time Working Compensation, high interest rates, high inflation and the growing level of imports.

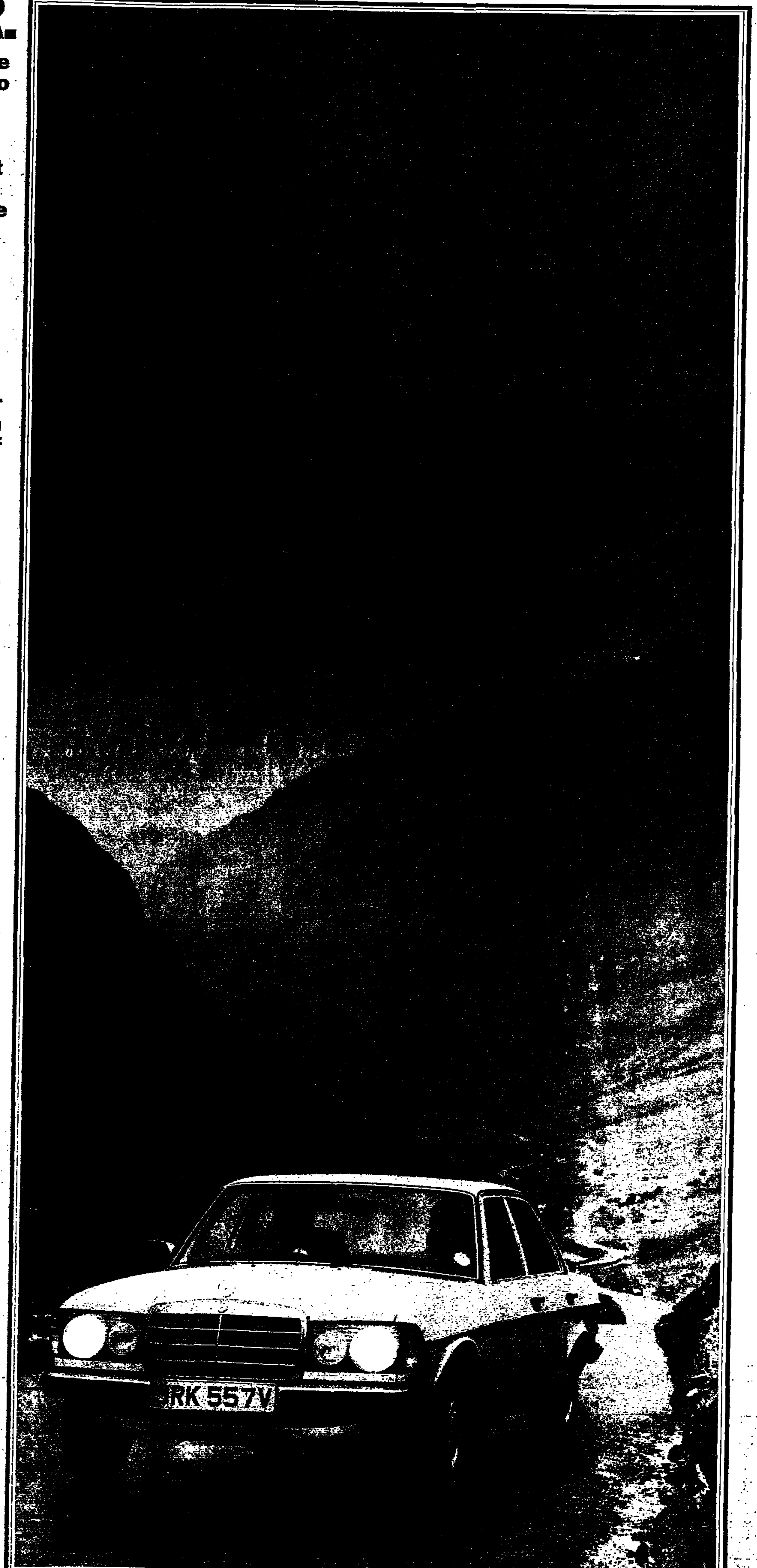
"Not enough weight was given in the report to the effect of new technology being introduced in offices, which will have serious long-term effects on demand," he said.

Efforts to have import quotas adjusted to stem the flow of imports have so far proved fruitless, and the union is pessimistic about any government action on this front.

The industry's main hope lies in the recently initiated tripartite talks between the Trades Unions Congress, the British Carpet Manufacturers' Association and the Department of Industry, although progress here is understood to be slow.

هكذا من الأصل

ONCE YOU'VE DRIVEN ONE, YOU'RE UNLIKELY TO DRIVE ANOTHER.



Drive any Mercedes-Benz car you like and you'll soon see why you're unlikely to drive anything else.

Unless it's another Mercedes-Benz, of course.

In fact, previous owners buy four out of every five new Mercedes-Benz cars.

For a moment though, imagine you're driving the one in the photograph.

Far from home, along the wet and winding country road with the light just beginning to fade.

And you'll soon see the difference a Mercedes-Benz makes.

Because you're always in complete control, whichever model you choose.

Whether you're driving in fair weather or foul, along country roads, in heavy town traffic or simply covering mile after mile of motorway.

The one illustrated here, for example, comes with a choice of seven different power units.

Ranging from the economical 200D diesel to the powerful 280E petrol engine.

There are three diesel models, the 200D and 240D, which have 4 cylinder engines and the 300D has the 5 cylinder version.

Of the four petrol models in the series two are 4 cylinder, the 200 and 230, the 250 is a 6 cylinder and the 280E is a 6 cylinder with fuel injection.

You only have to ask yourself which power unit will best suit all your particular requirements.

Because overall performance, in every Mercedes-Benz, is the correct balance between manoeuvrability and sheer power so you can cope with any situation.

To prove it, Scotland's long-distance rally specialist, Andrew Cowan, won the London to Sydney Rally in a 280E that was a virtually standard production model.

And last year, Mercedes-Benz came 1st, 2nd, 3rd and 4th in the Bandama Rally across Africa.

By entering such competitions as these, Mercedes-Benz not only prove the high speed capabilities of their cars but they also test basic construction under extremely demanding conditions.

Which is all part of their programme of continually developing the very concept of the car.

Fulfilling the demands made by the Mercedes-Benz scientists, engineers and designers to go far beyond the test tracks and laboratories.

So, at the end of the day, all you have to do is enjoy driving your Mercedes-Benz.

Knowing you're in the car that best suits your particular needs.

Whichever particular Mercedes-Benz you choose.

Mercedes-Benz

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Down-to-earth use of sun power

UTILISATION OF solar power in California (and in the less lucky UK) should result in the increase of crude oil production in many domestic fields, and also save costs on the running of clocks!

From California, the McDonnell Douglas Corporation says that with petrol imports providing more than half of the American nation's requirements, it is proposing to combine solar heat technology with enhanced oil recovery techniques now used in areas where underground crude is too thick for normal pumping.

Most common enhanced oil recovery systems use steam injected into the ground to thin heavy oil and increase pressure so that pumps can extract the otherwise unobtainable crude. But, an average of one in three or four barrels of oil produced by the procedure is burned in boilers providing the steam . . . steam-enhanced recovery was producing about 300,000 barrels of oil a day in the U.S. in 1979—studies indicate the technique can yield up to 1m barrels a day by 1990.

The McDonnel Douglas design studies propose an installation of about 200 heliostats (large moveable mirrors that track the sun) focusing solar heat from a 10 acre field on to a central receiver tower which would be the source of thermal energy for generating steam.

During the day, a solar system of this size could displace a 25m BTU/hour oil-field steam generator, using no fuel and emitting no exhaust pollutants. It would supplement oil-burning steam generators used for around-the-clock operation of the oil field, producing steam at the same temperature, pressure and quality, and using the existing steam injection system.

The company says that a larger solar system with about 400 heliostats could replace a 50m BTU/hour oil-fired steam generator, using the sun's energy to displace about 21,000 barrels of oil a year—and making steam-enhanced production of new crude economically feasible in otherwise marginal oil fields.

Water recovered from underground with the oil freed by steam can be treated and recycled through the steam generator, minimising the system's water use.

Technology involved in the solar oil recovery proposal initially was developed by the company through work in support of the Solar One 10,000 kW electric power pilot plant—America's first major solar power installation. This is being built in the California desert near Barstow under sponsorship of the U.S. Department of Energy, Southern California Edison Company, and the Los Angeles department of water and power.

The oil recovery concept utilises improved elements (such as second generation heliostat and a simplified receiver) incorporated in the company's design studies for other possible commercial and industrial solar power tower applications, including proposed projects in Australia and Egypt.

The Australian proposal involves a 1000 kW solar electric plant to serve the new Yulara tourist resort which is being developed by the Northern Territory Government near Ayers Rock.

In Egypt, the company is working with government agencies on a study of various potential solar power applications.

McDonnell Douglas Corporation, 66, Goldsworth Road, Woking, Surrey (048 62 71311).

Meanwhile, in Switzerland, Patek Phillipe has developed what is claims to be the first solar powered, radio controlled, virtually maintenance free clock which is being launched in the UK by English Clock Systems, Industime House, Chase Road, Park Royal, London, N.W.10. (01-965 9011).

Although this is likely to cost up to 50 per cent more than a conventional clock, it requires no mains connection — and no attention between summer and winter time changes.

Only a few hours of sunlight are needed to keep its solar cells full charged, and the clock needs no conventional wiring.

Incorporating a 2,000 mile radio synchronisation facility, the Teleclock promises to keep totally accurate and precise observatory time through a permanent radio link up with either one or two transmission control centres in Switzerland and Germany. This is made possible via a quartz crystal time base and a long wave receiver complete with aerial and servo system.

The resultant circuit gives a perfect synchronisation between the minute impulses received from the European transmitter and the minute impulses generated locally in the UK.

Maker says that in the unlikely event of reception failing entirely, the device will be driven by its own quartz crystal, and as soon as reception is restored, any cumulated time error is automatically corrected, and reception is actually only necessary for 10 minutes per day to ensure synchronisation.

It is said to be ideal as an exterior clock for any public building, and all commercial and industrial premises, and it is possible to incorporate an advertisement on the white dial which can be read easily from a distance of 180 metres. The whole unit mounted in an aluminium weatherproof casing.

● COMPONENTS

Moves the heat around

DEVICES KNOWN as heat pipes have been developed for stabilising the cyclic thermal loads encountered in metal diecasting and plastics injection moulding machines.

Problems said to have been overcome by the heat pipe, called the Kor-Kool, include long cooling times, high temperature gradients, condensation and poor flow.

The heat pipe is described as a slender lightweight sealed tube which has a thermal conductivity some hundreds of times higher than any known solid material. It reacts quickly to any change in temperature, transferring heat from hot spots to cooler areas and at the same time maintaining a substantially uniform temperature throughout its length.

Inside the tube is a small quantity of volatile liquid which evaporates and condenses in a closed cycle, transferring heat as latent heat fast and efficiently. Standard pipes are available in diameters from 2mm upwards. They have a response time of a few seconds and will operate from 10 to 250 degrees C.

Suppliers of the heat pipe, Redpoint Associates, Cheney Manor, Swindon, Wilts (0793 38440) says that apart from plastics moulding the device is especially suitable for diecasting aluminium and zinc; it can be used for temperature levelling or for transferring heat into or out of a die.

In some casting or moulding processes it is desirable to heat areas of the die to ensure a continuous flow of the molten material to the more remote parts. Again it is sometimes necessary to switch rapidly from heating to cooling. This is where the heat pipe comes in.

Keeps it under control

WAFER DESIGN of Reiss Engineering's Way slide valves is claimed to have resulted in pipeline space savings at the new Cambridge sewage treatment works designed by Lemon and Blizzard.

Since the works opened in August 1978, there has been more than double the capacity of the former installation to 13.45m gallons — enough to cater for about 165,000 people —and allowance remains for several years' expansion of the current 125,000 population at Cambridge.

The Wey valves installed at the works range from 50 to 900 mm bore, with one of the largest valves controlling the inlet to the plant. Here, a flow meter system registers and directs the amount of effluent passing to the new and old treatment works.

To keep the station at maximum capacity, the Wey valve is used to maintain the correct balance of 40 per cent of the total flow to the old works, and the remainder to the new installation. Many of these valves are automatically controlled through a linked computer control system, and are said to provide excellent sealing characteristics with the cutting edge at the base of the valve plate making them ideal for all applications experienced at the works.

Any deposits collected on the valve slide or guides are automatically cleared during the closing process, and flush-out corners in the valve body ensure that this debris is flushed away by the increased flow velocity through the valve.

Wey slide valve utilises a transverse seal in place of a conventional stuffing box, providing an efficient seal which can easily be repacked while the valve is in service and under pressure.

Reiss Engineering, Dalston Gardens, Stanmore, Middx. (01 204 7155.)

● DATA PROCESSING

Pension fund work cut

A STAND-ALONE pension fund management and administration computer system designed by United Pension Services (UPS) is to be marketed with the necessary Texas Instruments hardware by Geest Minicomputer Systems, White House Chambers, Spalding, Lincs PE11 2AL (0775 61111).

The system is aimed at funds with memberships ranging from two or three thousand up to several hundred thousand where the current system is still manual or employs batch computing methods or is, in any event, in need of updating in view of the changing pension fund scene of recent years.

Considerable credence is lent to the system by the management services and consultancy experience of UPS, whose managing director Ken Edis is himself an ex-pension fund manager.

No computer knowledge is needed by the user it is claimed, and he can be expected to take full advantage of the machine's facilities with only a few hours familiarisation. He sits at the customary keyboard/screen desk top unit, is told what to do from the screen, and uses specific function buttons for operations such as printing members' contribution records or benefit schedules.

Known as System 80, the machine is insensitive to the type of fund involved. An electronic schemes file replaces the trust deed and rules of the typical scheme so that any of the parameters encountered can be selected: over 100 variable scales of benefit can be applied. Remainder of the database is the members' records file, fulfilling the role of contributions ledges and other manual records.

Special software does not have to be written for each scheme, allowing rapid take-up of the system by the user.

Facilities include: daily record maintenance, dealing with joiners, leavers and amendments as they arise: enquiries and calculations, allowing the user to bring up the data he needs and carry out arithmetic: and the production of listings and reports at monthly or any other desired frequency.

A typical system for up to 5,000 members consists of the Texas Instruments 990 computer with 128k bytes of memory, 10 megabytes of disc storage, a 150 cps printer, two visual display units and the software supplied on disc with associated operating system. The price of such a system, including installation and 20 man-days of support, is about £32,000.

More small computers

UK INSTALLATIONS of general-purpose computers costing less than £15,000 have leapt from 48,916 at the end of 1978 to 87,600 at the end of 1979, an increase of 78 per cent. The total value of these installations at end 1979 was £436m, an increase of 39 per cent over the year.

While 24,300 of these machines cost less than £1,000, therefore including hobbyist and domestic installations, the largest single segment is 35,692 systems costing between £5,000 and £10,000 in business and professional use.

These figures are drawn from volume 3 of Pedder Associates' UK Computer Installation Census Series 1979-80—General Purpose Systems under £15,000 which has just been published.

This lists all small general purpose computer models in use at the end of 1979, analysing them by manufacturer or supplier and average system value. The report covers 245 computer models, of which 174 are currently marketed, from 109 manufacturers or main suppliers. Manufacturer/supplier market shares are shown for each value bracket both by number and by value of installed systems.

Volume 3, General Purpose Systems costing less than £15,000 is available from Pedder Associates, 199 Westminster Bridge Road, London SE1 7UT. (01-633 0866.) It costs £800. Volume 4, Large General Purpose Systems, will be available in June 1980, at the same price.

●

New Scicon service

DEVELOPED BY the Computer Aided Design Centre for chemical engineers involved in process design and simulation a support service is available from Scicon Computer Services of Milton Keynes.

This covers a number of different systems for all process design aspects ranging from simple mass balances, through detailed process modelling, to capital cost estimation and economic evaluation.

Scicon offers the systems as a complete service run on its Univac computers at Milton Keynes.

The services are supported by an engineering team at Scicon backed up by the Computer Aided Design Centre in Cambridge. The services are an extension to other chemical engineering services already offered by Scicon for aspects such as heat exchanger design, pipe stress analysis and physical properties.

Scicon at Brick Close, Kiln Farm, Milton Keynes MK11 3EJ. 0908 565656.

Production venture

FORTRONIC AND International Computers (ICL) are to combine in a development and production venture whereby ICL will market in the UK and the Republic of Ireland the electronic products manufactured by Fortronic for a wide range of financial applications.

Through this, ICL will significantly increase its involvement in the manufacture of electronic products in Scotland, complementing the computer software development at its Dalkeith research centre, while Fortronic will gain direct access to ICL's international marketing experience.

Fortronic's key development to date is its microprocessor-based transaction terminal system, originally designed by Fortronic in collaboration with the Clydesdale Bank, which has successfully implemented a major network of these systems in its branches throughout Scotland. By 1981, there will be about 360 branches linked in to the network, with over 1,500 terminals installed.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● SAFETY

Prevents loose screws

DESCENDING spectacles can be a nuisance, so an idea to prevent the small screws of spectacle frames from working loose, a common occurence as wearers of spectacles can testify, should be interesting.

Developed by Remec Engineering (Plymouth) is a machine that will incorporate a locking device into the screws. The idea, a simple one, is to insert a nylon filament into a slot cut along the length of the screw. The filament is slightly proud and prevents the screw from working loose once it has been fixed.

Although the idea is simple its application is difficult, especially when it is considered that the screws used in frames are between 2.5mm and 4.5mm long and 1.5mm in diameter. Remec's machine will cut the slots and insert the nylon filament, a job which it is impracticable to do manually.

The machine, which is intended to produce more than 100m modified screws in its lifetime has been ordered as a prototype by Payne Products International (Long-Lok Division), of Ivybridge, Devon, for its subsidiary in West Germany. Interest is also being shown in the U.S.

Payne Products initially put the idea to another company five years ago, but it was unable to produce a protoype which could work to such fine measurements and check that each of the four stages of production had been completed.

The machine has a pneumatic-electronics power system and can be fitted complete with its control unit into an area 4 ft by 3 ft 6 in (1,220 mm by 1,068 mm).

Remec Engineering (Plymouth), Newnham Industrial Estate, Plymouth. Tel: 0752-338424.

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* 7-day deposits 15%, 1-month deposits 15¼%.
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‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

Viking Resources International N.V.

Curaçao, Netherlands Antilles

In the Annual General Meeting of Shareholders held on 29th May, 1980 a cash dividend of US$ 0.30 per ordinary share was declared payable as from 6th June, 1980 on the ordinary shares outstanding as of 6th June, 1980 against delivery of dividend coupon nr. 8 with:

Pierson, Heldring & Pierson N.V.
Herengracht 214
Amsterdam

NOTICE OF SUPPLEMENTAL INDENTURE

TEXAS INTERNATIONAL AIRLINES FINANCE N.V.

7½% Convertible Subordinated Debentures Due 1993

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Indenture, dated as of August 15, 1978, under which the above Debentures were issued (the "Indenture"), that Texas International Airlines, Inc. (the "Guarantor") proposes to merge, on or about June 11, 1980, with TXA Corp., an indirect wholly-owned subsidiary, with the Guarantor as the surviving corporation. By reason of such merger, each share of Common Stock of the Guarantor shall become one share of the Common Stock of Texas Air Corp., and the Guarantor shall become a wholly-owned subsidiary of Texas Air Corp.

Texas International Airlines Finance N.V., Texas International Airlines, Inc., Texas Air Corp. and Citibank, N.A., as Trustee, have entered into and executed a First Supplemental Indenture, dated as of May 23, 1980, which amends the terms of the Indenture by providing, among other things, that:

The above Debentures are convertible into shares of Common Stock of Texas Air Corp. instead of shares of Common Stock of Texas International Airlines, Inc.

Texas Air Corp. will reserve shares of its Common Stock for conversion of outstanding Debentures, register such shares with or obtain necessary approval of such shares from appropriate government authorities, list such shares on the appropriate security exchanges, and sell shares to Texas International Airlines Finance N.V. and/or Texas International Airlines, Inc. so that conversions of the above Debentures may be effected.

Except as expressly supplemented, all the terms, provisions and conditions of the Indenture remain in full force and effect.

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Epping Forest District Council have recently acquired the famous wartime North Weald Airfield and are inviting private industry to help with the recreational development of the airfield. Interested companies should contact Ken Jones, District Recreation Officer, 25, Hemnall Street, Epping, Essex. Telephone Epping 77344.
It is proposed to hold a one-day seminar shortly where selected companies can present their plans for the recreational development of the airfield to a Working Group of Council Members.

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051-236 9152.

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BUSINESSES FOR SALE

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Further particulars from, and offers to, The Receiver, 25 Abercromby Place, Edinburgh EH3 6QS (031-557 2111). Offers to be submitted in writing to the Receiver by 12 noon, Tuesday 17th June, 1980.

FOR SALE
A well-established facility of an International Company, located in the West Midlands and manufacturing light to medium fabrications for the Agricultural and Off-Road vehicle markets is available for sale.
A range of products is being profitably produced by a competent workforce who are presently restrained by a lack of customer demand.
Offers are invited for a 4,650 square metre open-plan factory on a 36,425 square metre freehold site, fully equipped with the tools and fixtures of its trade.
Apply in the first instance to Box G5882, Financial Times, 10 Cannon Street, EC4P 4BY.

LONDON TRAVEL AGENCY FOR SALE
A rare opportunity to acquire a well established IATA/ABTA licenced travel agency with a substantial turnover in a sought-after location in the West End. Spacious ground floor premises luxuriously furnished with a long lease. Facilities include Travicom airline computerised reservation system. Substantial offers invited for this excellent investment.
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Offers must be received by 8th July, 1980.
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Reply to Managing Director, Box G.5962, Financial Times
10 Cannon Street, EC4P 4BY

od Operational Development Ltd.
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The helmsman waits for a fair wind

Geoffrey Owen on how Aurora, after a period of rapid growth, must now consolidate as it ponders its next course

Architects of a fast-expanding engineering group: Mr. Robert Atkinson (left) and Mr. Arthur Watt, chairman and managing director of Aurora Holdings.

WHEN A COMPANY which has grown at breakneck speed and is still digesting two large acquisitions, loses its chairman and chief architect, there is bound to be anxiety among investors and employees. That is why Robert Atkinson, who takes over as chairman of British Shipbuilders on July 1, is continuing as part-time chairman of Aurora Holdings, the Sheffield-based company which he has transformed over the past seven years into a substantial engineering business.

In special steels Aurora is in the throes of a rationalisation programme which will take another year to complete. To have severed his links with the company at this stage would have been as unwelcome to the shareholders as it was to Atkinson himself. Last year pre-tax profits fell for the first time since he took over. There are sceptics who say that Aurora has tried to grow too fast.

Although Atkinson will stay at the helm, the key question is whether the management team under him is strong enough to see the company through what he regards as a period of consolidation and to establish Aurora as a soundly based engineering and steel-making group with a coherent strategy for expansion. This has to be done, moreover, at a time when the financial and competitive pressures on the engineering industry are likely to be acute.

Acquisitions

Since 1972 when Atkinson first became involved with Aurora—he was appointed chairman in 1973—a series of acquisitions has pushed sales from £8m to over £150m and the number of employees from 1,500 to 8,500. Pre-tax profits went from £228,000 to £4.3m in 1978, dropping back to £3.8m in 1979, largely because of high interest payments and national strikes. The two most recent acquisitions—the steelmakers Samuel Osborn and Edgar Allen Balfour, bought in 1978 and 1979—not only imposed a financial burden, but took Aurora into a bigger league and into a fiercely competitive international business.

With interest rates at their present level, there is an obvious incentive to reduce gearing through the sale of assets. Surplus land and buildings are being disposed of. The divestment of some peripheral businesses is being considered; one or two small subsidiaries have already been sold. But Atkinson feels under no pressure to make quick sales. He is prepared to wait until the right price is offered and in the meantime continue improving the profitability of the subsidiaries concerned.

Up to now Atkinson, who is 64, and his 40-year-old managing director, Arthur Watt, have shown remarkable skill in unlocking the potential of run-down companies—starting with Aurora itself in 1972-73. Then called Aurora Gear and Engineering, it was a jumble of 35 separate subsidiaries, mostly doing sub-contract work, without proprietary products of their own. Watt, who had been brought in by Atkinson from Sheffield Twist Drill as finance director, installed a system of financial controls. The loss-makers were closed down or sold off and the management of the viable units was strengthened.

Since then every acquired company has been subjected to a ruthless attack on overheads and surplus assets the elimination of extravagance at all levels (from prawn cocktails and coq au vin in the directors' dining rooms to over-manning on the shopfloor) and the removal of incompetent managers. It is an exacting style of management to which Atkinson, a war-time naval commander, and Watt, a Scottish accountant by training, have both contributed.

But it is more than simply cutting out fat. When they took over Anderton Forco in 1973, it was clear that the Forco side of the business, making laundry equipment, was not viable. But Anderton had an outstanding product: it is one of the three leading world suppliers of circlips and retaining rings, exporting 75 pe rcent of its production. "The product was thre," says Watt, "and we had to put life into it. As in so much of engineering and steel, the marketing strategy was wrong."

Another example was G. L. Willan, a Rotherham metals business bought from the receiver in 1976. The gross purchase price was £500,000 and a further £200,000 has been invested in it; last year Willan made pre-tax protfis of £750,000. As a private company, Willan had ben a pioneer in the vacuum melting of high-alloy steels for aircraft engines and other demanding applications. Again the products and the technology were sound; what Aurora provided was internal discipline and a new emphasis on aggressive marketing.

On a larger scale the same treatment has been applied to the two special steels companies, Samuel Osborn and Edgar Allen Balfour (EAB). Osborn had always been strong technically, but lacked what Atkinson calls "commercial acumen." Aurora imposed tighter disciplines and stronger pressure to improve performance. For example in Osborn-Mushet Tools, a subsidiary making engineers' cutting tools, the labour force was cut back, the manager was replaced, delivery times of standard products were improved by cutting back on "specials" and a new bonus scheme was installed for salesmen. Last year the company's profits almost doubled compared with 1978.

Turnround

A similar turnround was achieved at one of the EAB subsidiaries, Edgar Allen Foundry. An old-established business making manganese and alloy steels for heavy duty applications, it was over-staffed and lacked a clear selling policy. The scrap rate was high, deliveries poor; it was losing £1m a year. The new management drastically reduced the level of overheads. Quality control was improved. Knight Wegenstein, a firm of foundry consultants, were brought in to advise on re-equipment and most of their recommendations were accepted. The business is now profitable.

The special steels business itself is heavier in several senses than most of Aurora's activities; it takes longer to change direction. Part of the logic of buying Edgar Allen Balfour so soon after Samuel Osborn was to secure economies of scale through rationalisation. The plan is that EAB's primary reduction works at Openshaw, Manchester, which has modern equipment including a GFM forging machine, will supply billets to the Osborn rolling and finishing works at Ecclesfield, near Sheffield; the Osborn steel-making plant in Bradford will cease operations.

Just as important as physical rationalisation is the drive for more sales. Watt believes that some British special steels companies, unlike their Continental rivals, have been too inclined to watch their markets disappear and adjust their capacity downwards to match their reduced sales. "You don't win business by retrenching," he says. Again it is the marketing strategy which has been lacking. A big effort is now under way to develop more overseas business, especially in the aerospace industry which Watt regards as one of the most promising long-term market opportunities—and not just for the steel companies.

Aurora's priorities over the next year or so are to reduce ability of the recent acquisiits gearing, boost the profit-tions and identify more clearly those sectors of the business where new investment is needed. With a turnover now running at an annual rate of over £150m, the group ought to be making pre-tax profits in the £8m-£10m range, compared with the £3.8m achieved last year.

Atkinson and Watt believe that the management team will be able to deal with the immediate problems and keep Aurora moving forward. The structure consists of a very small head office at Ecclesfield and seven operating divisions which report direct to Arthur Watt. The average age of the divisional chief executives is 45; they are a mixture of experience from acquired companies and new blood from outside; the new head of engineering, for instance, was recently hired from McKinsey. Each chief executive has a financial controller to help in supervising the subsidiary companies.

After July 1, when Atkinson gives up executive duties, Watt will have reporting to him the functional directors at head office (including finance, personnel and corporate planning) as well as the divisional chief executives. Even with part time support from Atkinson it will be a considerable burden. New outside directors are to be appointed to provide additional advice and experience.

In financial terms the aim is to get back over the next two years to a return on capital of 20 per cent and earnings per share of 25p, both of which were achieved in 1976. But Atkinson also wants to alter the balance of the business. He would like to see the overseas companies account for 20 per cent of capital employed, compared with only 7 per cent in 1979. The intention is that no one sector of the group should account for more than about 20 per cent of capital employed; the proportion represented by special steels, 32 per cent in 1979, has to come down.

In seeking both a better mix of activities and continued growth, Aurora plans to move by acquisition and internal development into higher technology businesses where a substantial market share can be obtained. The emphasis will be on end-product companies in light or medium engineering.

All this does not have to be done in a great hurry. What has been built since 1972 is an enterprise which has the potential to become one of Britain's leading engineering companies. The task now is to make the most of the opportunities which have been created.

EMPLOYEE BENEFITS

The cost of sickness

BY ERIC SHORT

THE GOVERNMENT is in the process of rationalising—"dismantling," is how critics describe it—the Social Security system. Among the major changes proposed in a green paper last month was the taxation of short-term benefits, such as sickness and unemployment pay.

Employers would be responsible for paying the first eight weeks' sickness benefits (less the first three days), thus putting sick pay into the employee benefit category.

The proposals have been criticised in varying degrees, by employers, trade unions, life companies and the medical profession; the Department of Health and Social Security will be in for an interesting time over the next few months considering all the various views.

The crux of the proposals is that an employer will be legally bound to pay a sick employee a flat-rate weekly benefit for up to eight weeks. The level of benefit will be related to the average sickness payment made under the social security system — at present it would be £30 a week. It would be taxed under normal PAYE arrangements.

In return, employers would get a reduction in their National Insurance contribution rate so that overall the National Insurance fund breaks even on the proposals — a reduction of ½ percentage point is envisaged.

This proposal involves several radical departures from the present system. Benefits will no longer be related to family size. Thus an employee with a large family would receive far less than he does at present. For example, a married man with four children under 11 at present gets £36.75 a week if he falls sick. Under the new proposals he would get £30.

This aspect of the scheme has roused the fury of the TUC which states, with some justification, that the benefits should be based on need. But if no allowance is made for family size in an employee's earnings when fit, why should it be so when he is sick? It is an interesting point for debate.

As far as employers are concerned, the proposed change means two things. In industries with a high rate of sickness, they would have to pay out more in benefits; and this would not be fully offset by the reduction in national insurance contributions. It would also involve considerable administrative changes. The CBI is unhappy with these proposals on both counts.

The Government accepts the point about industries with a high sickness rate, and suggests that it could be mitigated through some form of insurance. But the insurance companies are not certain that this would be the case, since an employer with a bad sickness record would be charged higher premiums.

The Government's overall case for change rests on a survey made by the DHSS in 1975 which showed that 75 per cent of employees received some level of sick pay from their employers, in addition to social security payments. It therefore contended that an administrative system in most companies is already established. But these same figures also throw doubt on this argument.

The survey showed that around 2m employees were likely to be paid more when sick than healthy because their employers still paid their full salary on top of social security payments. The employers of a further 8m people made up the gross earnings of those on sick leave, but since social security benefits are tax-free, this still provides a higher net pay. Surely this indicates a lack of control on the part of employers?

Under the Green Paper proposals, doctors would have to supply medical certificates to employers before employees received sickness benefit. The Government pointed out that in most cases of sickness under the present scheme, the sick employe already sends the certificate to his employer before submitting it to the local DHSS office.

By the same token, the Government argues that most employers operating sick pay schemes already ask to see certificates. It also maintains that employees appear to have no objections to their employers knowing the cause of their sickness, if this is asked of them.

But the British Medical Association has condemned the proposals as creating a potential breach of confidence between the doctor and his patient, in that confidential medical information might have to be revealed to the employer without the patient's permission being obtained. The association is also unhappy with other aspects of the proposals.

The possible breach of medical ethics could prove the proposals' major stumbling block; without a medical certificate showing full details of what is wrong, many employers are not likely to pay the benefit. Yet others might be satisfied just with a note from the employee's doctor stating simply that he is not fit for work. This point obviously needs further investigation.

Leaving aside the medical aspects of this issue, I feel that short-term benefits of any sort should be taxed, so that the scheme has a lot to recommend it.

As far as trade unions are concerned, the scheme would give them the opportunity to bargain for adequate sickness benefits on top of those that would have to be paid legally. This aspect of employee benefits has tended to be neglected by unions in their negotiations over pay and conditions. There would now be the incentive to ensure a decent payment—long-term as well as short-term—for sick members.

As far as employers are concerned, the new scheme would be an incentive to make their administrative systems more efficient. Many employers must be paying over-generous benefits simply because they have not bothered, or have not considered it worthwhile, to integrate their sick payments with those of the social security system. It is surely a waste of resources to pay a man more when he is sick than when he is healthy.

* *All interested persons should submit their views to the DHSS by the end of September. Details are given in the Green Paper "Incomes during Initial Sickness: A New Strategy" Cmnd 7864 SO price £2.*

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FINANCIAL TIMES SURVEY

Friday May 30 1980

Singapore Banking and Finance

Thriving position in world finance

By Chris Sherwell

AFTER MORE than a decade of determined and calculated effort, Singapore can rightfully claim to have established itself as one of the world's top international financial centres. This tiny tropical island—"227 sq miles at low tide," as the author Paul Theroux has rather unkindly put it—is now used by Governments to defend their currencies, by multinational corporations as a base from which to fuel their growth and by international banks to multiply their earnings.

In Singapore, potential borrowers, both foreign and domestic, can raise medium and long term funds through syndicated or conventional loans and through bond issues. They can also receive a broad range of financial services through a wide variety of financial institutions. Singapore also constitutes, along with Hong Kong, a vital link in the global currency chain that extends from Tokyo to European centres like Frankfurt, Luxembourg and London and on to New York and San Francisco.

None of this expansion could have been predicted 15 years ago, when Singapore found itself alone in an uncertain world after the ghastly failure of the unication experiment with Malaysia, its northern neighbour. Even Mr. Lee Kuan Yew, the country's Prime Minister since 1959, had described an independent Singapore as a "political, economic and geographic absurdity."

But he and his colleagues mapped out the island's future economic development with precision and implemented it with gusto. The emphasis was on manufacturing and services and the development of skills, human resources being the only ones the island possessed. They welcomedo foreign investment and foreign ideas, and the proposal to start an Asian dollar market, which came from an American bank, was accepted with alacrity.

Now, from a trifling \$30m in 1968, the Asian dollar market has grown to \$42bn. Daily turnover on Singapore's foreign exchange market is \$4.7bn. The number of banks poerating in the market in Singapore topped 100 last year and is still rising. And from being initially a net lender of funds to Europe, the market quickly established itself as a net borrower, a trend that persists to the present day.

Anyone wanting to see the consequences of all this has only to look at Singapore's remarkable skyline, and at the youthfulness of the people working underneath it: the gnomes of this "Zurich of the East" are more like elves. Singapore is a window on a region where 5 per cent annual growth is slow. Malaysia alone is the world's largest producer of five major commodities—and, like Indonesia, has oil as well. Singapore itself is Asia's largest refinery centre, another boon.

As with the \$1,000bn Eurodollar market, external factors have undoubtedly fed the Asian dollar market's phenomenal growth. There has been the Vietnam war, the quantum leaps in oil prices, the balance of payments deficits of oil exporting countries and the depreciation of the dollar. There has also been the continuing rise in the volume of world trade and especially of trade involving Singapore's booming South East Asian neighbours. And there has been the rapid evolution of communications technology, which has facilitated the emergence of the 24-hour global currency market.

With precise planning and enthusiastic application, Singapore has, in the space of 15 years, made itself a top international centre of business and finance It has created a fiscal climate which encourages foreign banks to operate there and provides a literate and numerate English-speaking workforce.

But Singapore's own strategic position has also undoubtedly helped, as it has for the past 150 years since Raffles first claimed the island, its time zone alone places it perfectly between Japan, the Middle East and Europe. Singapore has further encouraged the growth by its own actions. Had it not done so, Hong Kong might have assumed an even more important role than the one it enjoys now, and Singapore might never have secured the valuable balance of payments and jobs benefits it has since received.

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Communications

In the first place, Singapore has created a working infrastructure, including reliable telex and telephone communications and plentiful air connections. It has also produced a literate and numerate English-speaking population in a highly ordered environment which is free of corruption, conducive to entrepreneurship and good for business. At the same time it has operated an open-door policy for foreigners, especially those who have skills to pass on.

More importantly, Singapore has offered clear fiscal incentives to banks to set up business on the island. The authorities have progressively embellished these down the years while at the same time preserving a distinction between older foreign or local banks already established in Singapore and newer "offshore" banks. Even this distinction has been relaxed somewhat in recent years and offshore banks can do some domestic business.

As the Asian dollar market has developed and diversified, the Asian Currency Units (ACUs), or the separate accounting units of the banks in the market are known, have themselves tended to specialise in particular activities and acquired reputations in their chosen fields. This natural diversification has been helped by a remarkable cross-fertilisation which is part of the established rapport between the Monetary Authority of Singapore, the equivalent of the country's central bank, and the banks themselves. Each puts up ideas and proposals to the other, contributing to a constant evolution that is Singapore's trade-mark in many fields of its development.

In 1971 the first Asian dollar bond was successfully floated with the help of the Singapore Government. The market then almost spluttered to a halt, and after picking up in 1976 and 1977 suffered again as investors showed little faith in long-term instruments. The market in certificates of deposit (CDs) had a sorry start in 1970 and only resurfaced in 1978 because Japanese bank regulations made them convenient. This market in Singapore has nevertheless been far more successful.

The authorities now also want Singapore established as an arranging centre for syndicated loans as well as a funding centre. Bankers say it lags behind Hong Kong, both for Hong Kong tax reasons and because of inadequate legal back-up services in Singapore. In response, and against local lawyers' wishes, Singapore is now allowing foreign lawyers to practise in the country to meet the bankers' complaints.

The launching of the Gold Exchange of Singapore in 1978, another move to widen Singapore's scope as a financial centre, is counted as a modest success. It emerged undented from the brisk dealing that accompanied last year's surge in the gold price, and the authorities are now considering the development of an enlarged exchange to handle other commodities.

Cornerstone

The cornerstone of the next phase in Singapore's evolution, however, is its development as an "international funds management centre." The Government's commitment to this was confirmed in the budget speech in March, althoug the idea is officially acknowledged to be "merely a concept" at the moment and bankers agree that it remains vague.

Part of the plan would be for international companies to list and trade their stocks and bonds in Singapore and for institutional investors, borrowers and dealers to establish a presence in order to operate both in Singapore and the Far East. In these respects, Singapore is again far behind developments in Hong Kong. But Mr. Hon Sui Sen, Singapore's Finance Minister, said in an interview with the Financial Times that he was prepared to consider tax changes to provide the necessary incentives.

Domestic changes will also be made in order develop this "financial supermarket." Singapore's local money markets are more sophisticated than its capital markets, largely because the Central Provident Fund (CPF) siphons off more than a third of everyone's wages and salaries as "enforced" savings for their future. Now a Government committee is considering how individuals might also have a say in how these CPF funds are invested, perhaps by farming some of thme out for private management.

Another unrelated domestic institutional change also seems certain in Singapore. The Monetary Authority and the Board of Commissioners of Currency, which have hitherto shared the functions of a central bank, are to be merged. An experienced adiminstrator, Mr. Herman Hochstadt, took up position earlier this month to oversee the change.

As he has had no experience of banking and came in at the number two position under the Monetary Authority's well-known managing director, Mr. Michael Wong Pakshong, the appointment has sent a ripple through the banking community. Most bankers accept that he could not have come in lower, that his organisational and managerial skills are needed and that the functional role of the new institution will be no different. But equally, not many doubt that he will become a force to be reckoned with in Singapore banking.

One important change of recent years which has posed numerous problems for the Monetary Authority has been the lifting of all foreign exchange controls in June 1978. Singaporeans saw an opportunity in the fact that ACUs are not subject to the reserve requirements which restrain their domestic counterparts' lending of Singapore dollars. With bank encouragement they indulged in currency swaps that gave both parties a better return but undermined the Authority's control of the money supply. Saying the swaps were against the spirit of the Banking Act, the Authority has tried most of the known techniques of moral suasion to curb them. Most banks have taken the hint, but the swaps have not ended altogether.

Stability

The Singapore dollar has nevertheless broadly held its strength against the currencies of Singapore's major trading partners since the lifting of exchange controls. This stability of the currency, along with size but unknown composition of the country's reserves (\$12½bn at the end of 1979) and the strength of the economy has helped fuel suggestions in the past few months that the Singapore dollar may take on a wider international role.

In his interview, Mr. Hon stressed that Singapore did not wish to see any trend towards the use of the Singapore dollar as a reserve currency. But he also sai dthe currency had had a traditional role in regional trade involving Malaysia, Indonesia and Thailand, and that this could and should continue. He added, however, that he disliked the flotation of loans in Singapore dollars.

In Singapore it is difficult to escape the conclusion that problems like these, serious as they are, are problems of success. Having attained living standards that put them near developed-country status, Singaporeans are now confidently planning for present-day Japanese standards by 1990. With population growth checked at 1 per cent a year and a full-employment economy showing an underlying growth rate of 8 per cent a year, the Government wants a "secind industrial revolution" with greater emphasis on high technology, high value-added manufacturing as well as more high-level service idustries.

Bankers and businessmen, whether foreign or local, barely worry that Singapore might be "overbanked," and perceive no long shadow from the old troubles of Haw Par or the Moscow Narodby Bank. Expatriates are concerned about rising rents and other costs, but draw comfort from favourable comparisons with Hong Kong.

Almost everyone is bullish about the island's future. They point to the neighbouring Asian countries on whose progress its prosperity largely depends.

CONTINUED ON PAGE III

FINANCIAL INSTITUTIONS IN SINGAPORE AS AT END 1979

Institutions	Number
Commercial Banks	89
Local*	13
Foreign	76
Full Banks	24
Restricted Banks	13
Offshore Banks	39
Representative Offices†	47
Merchant Banks	33
Asian Currency Units	101
Discount Houses	4
International Money Brokers	7
Insurance Companies	70
Finance Companies	34

* All local banks are full banks.
† Due to joint offices, the number of foreign banks represented could be higher.

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SINGAPORE BANKING AND FINANCE II

Indisputable centre of the Asian dollar market

EXACTLY 12 years ago, in May 1968, a small group of senior men at the Singapore office of the Bank of America made history by generating the idea of an Asian dollar market. In a style that has become typical of Singapore, the authorities quickly responded to a good idea, and within seven months the U.S. band had set up the first-ever *Asian Currency Unit* (ACU).

In its first year the Asian dollar market amounted to a mere $30m. By last month the total assets and liabilities of some 110 of these separate accounting units handling foreign currencies had soared to $42bn. Singapore is, in short, firmly established as the indisputable centre of the Asian dollar market.

Some of the men involved in that early decision are still at the Bank of America in Singapore. Arie Heerding, who heads its ACU, recalls the environment of the time: "Singapore and Malaysia had separated politically but remained dependent economically. Confrontation with Indonesia was only recently over. Britain's military presence in the region was going to come to an end and the dockyards were going to run down. The Jurong industrial estate was only in its early stages, and the unemployment that threatened was undesirable for political and economic reasons."

'Singapore had begun its effort to develop itself as an international financial centre'

With the Eurodollar market physically too far away for Chinese businessmen in Taiwan, Hong Kong and Singapore, the bank saw that a similar market might work in Asia. Shrewdly, they put the idea up to both the Singapore and Hong Kong authorities. In a crucial decision, Hong Kong said it would not remove its withholding tax on interest on deposits. Singapore indicated that its tax would be lifted, and did so in time for the first ACU to be set up. Singapore had begun its effort to develop itself as an international financial centre.

The fiscal incentives which have since encouraged the market's growth have multiplied down the years. Apart from exemption from 40 per cent *withholding tax on interest on* deposits, these incentives now include:

- The extension of the concessionary tax rate of 10 per cent to all offshore income of ACUs, including interest income derived from loans to non-bank non-resident customers and dividends *distributed from their* offshore profits.
- The exemption from tax, on a case-by-case basis, of interest on Asian dollar bonds received by non-residents.
- The exemption from estate duty on non-residents' deposits with ACUs and holdings of *Asian dollar bonds.*
- The abolition of stamp duty on ACUs' offshore loan agreements and on Asian dollar bond certificates.

Combined with the natural growth of the global offshore market, the overal effect of these incentives has been a rapid swelling in the number of banks in Singapore—and in the number of extravagant launchings. Bankers remember vividly the day in 1978 when Banco de *Brasil opened, having flown in* its own Boeing complete with steel band and samba dancers. They also recall Banque Nationale de Paris celebrating *its new merchant bank link* with a local bank early this year by offering French wines at a gala hotel reception where the staff were dressed as gendarmes.

In the early days, the first ACUs found that their main sources of deposits were individuals and banks in the Philippines, Indonesia, Hong Kong and Taiwan. They put the money on deposit in the Eurodollar market while the word went out that a currency pool of mainly U.S. dolars was waiting to be tapped in Asia and lending officers got to work.

Within three years more loan business had been drummed up than the Asian dollar market could fund and the region became a *net taker of funds* from the Eurodollar market. In recent years about a fifth of all funds coming to Singapore have come from Asia, while about 80 per cent of ACU funds are used in the region.

The Asian currency market remains denominated mostly in *dollars, although the mark and* yen are increasingly important. Though the market is still small in relation to the $1,000bn Eurodollar market, its annual rate of growth has been consistently higher than that of the Euromarket. In 1969, when the base was admittedly small, growth was almost 300 per cent; it was above 200 per cent in 1970 and more than doubled

'The market probably meets a demand from smaller enterprises'

every year up to 1973. Since then anunal growth has averaged 36 per cent and this year the Monetary Authority expects another 20 per cent. Between 1968 and 1978 the Eurocurrency market's growth averaged about 30 per cent.

The vast bulk of transactions *in the Asian dollar market are* interbank rather than with non-bank customers, but the proportions are slightly smaller than in the Euromarkets. At the end of 1979, for example, interbank deposits made up 77 per cent of the total sources of funds for the Asian dollar market, and interbank lending amounted to 73 per cent of total assets. In the Euromarkets the equivalent figures are said to be around 81 per cent and 77 per cent.

The predominance of interbank activity generally in these global markets reflects the way they work as they match demand and supply of excess funds around the world. The slight difference in the Asian market re'"ects the region's peculiar conditions. Broadly speaking, non-bank deposits in Asia have been growing down the years, coming from finan*cial institutions like central* banks, development banks and trust funds and from local, regional and multinational corporations. Wealthy private individuals also play a role.

On the lending side, some 80 per cent of which is short term (one to six months), loans to non-bank customers have grown in absolute terms from a mere $14m in 1970 to a whopping $8.5bn last year. Annual growth which has now settled down to an average 25 per cent since 1975, exceeded 1,200 per cent in 1970 and 1971.

The big borrowers in the Singapore market are national and multinational corporations, central banks and Governments. Officially it is estimated that about a third of ACU loans to non-bank customers goes to manufacturing, especially chemicals, petroleum, base metals, textiles and transport equipment. About a quarter goes to non-bank financial institutions. A substantial but unknown proportion of the rest is presumed to be balance of pay*ments support.*

ACUs appear to keep their loans between about $250,000 and about $1m. One British bank with a long history of dealing in the East says it considers syndication above $10m. Loans smaller than $250,000 seem to be possible, and the market probably meets a demand from smaller enterprises which can't tap the Euromarket because of their size. But at this level much depends on the relationship between bank and borrower.

The big business is in syndicated lending, involving figures up to $500m for large develop*ment projects* requiring medium-term finance of 5-10 years or even more. A substantial proportion of total non-bank lending by ACUs consists of shares in loans consortia, a trend no doubt helped by the fact that it has been a borrower's market.

The authorities are now anxious to encourage the establishment of Singapore as an arranging and booking centre for syndicated loans. At the moment it is principally a funding centre, and lags significantly behind Hong Kong as an arranging centre. This makes the authorities quite sensitive, even though it is principally for Hong Kong tax reasons. The importance of the tax factor in such matters is illustrated by the fact that German and Canadian banks book their loans in Singapore rather than Hong Kong because of advantageous provisions in these countries' double taxation treaties with Singapore.

The pre-eminence of Hong Kong in *this respect, however,* is also said by Singapore bankers to stem from inadequate back-up services to handle complicated details of loan documentation. In a controversial move which demonstrates just how responsive the Singapore authorities can be to bankers' complaints, the Attorney-General has agreed to allow lawyers from the British firm of Freshfields to start up business in Singapore. Others who petition may be allowed to do the same.

None of this may deprive Hong Kong of syndicated loan business, even if it irritates local lawyers in Singapore. This is because the market appears to be growing well enough to provide business for everybody. Certainly Singapore bankers are more optimistic now that maturities on synudicated loans appear to be falling back.

Singapore has also been trying hard to earn a reputation as a source of capital funds by encouraging the Asian dollar bond market. An Asian dollar bond is one managed by an Asian institution and listed on the Singapore Stock Exchange. The first issue, in December 1971, was only for $10m using the guinea-pig of the state-owned Development Bank of Singapore with the Government standing behind it.

By last month there had been 56 issues, many of them jointly

'In this increasingly diverse banking environment, newcomers are facing tough competition'

floated in Europe, and the total amount raised was over $1.7bn, most of it in dollars. Just under half of the floatations have been fixed rate issues, over 40 per cent have ben floating rate and the rest convertibles; the trend in more recent years has been towards the issue of floating rate notes.

Since being launched, the Asian dollar bond market, like its counterparts elsewhere, has almost stalled (in 1974) and then picked up, only to face more problems in the past couple of years as investors have showed little faith in long-term instruments. The secondary market in Singapore is officially viewed as unsatisfactory, and this has not helped.

The lack of a secondary market also undermined the attempt by a bank in 1970 to issue a fixed-rate certificate of deposit (CD) in Singapore. But since 1978, and thanks to Japanese regulations which require Japanese banks broadly to match the maturities of their assets and liabilities, floating-rate CDs in particular have caught on, and Singapore has become the most important issuing centre for them in the world outside London.

This position is sustained by a reasonably lively secondary *market,* although complaints about this also persist. The total amount outstanding is $1.9bn, of which more than $1.2bn is in floating rate CDs.

In this increasingly diverse banking environment, newcomers are facing tough competition as those who have been established longer develop specialities and carve out a niche in the market. The oldest banks, which have a full banking licence entitling them to maintain branches in Singapore, have obviously managed to corner, along with the local Chinese banks, much of the business available in Singapore itself.

Many newer arrivals have gone into syndicating lending, whether booking and funding loans as in the case of banks like Dresdner or Bank of Nova Scotia, or simply funding them, as with many others. The Japanese banks regularly tap the market for funds through CDs, and the long list includes names like Bank of Tokyo, Mitsui, Mitsubishi, Fuji Bank and Sumitomo.

Then there are the secondary market makers in Asian dollar bonds and CDs, the most important being DBS-Daiwa, Merrill Lynch and Credit Suisse First Boston. DBS-Daiwa in particular has been at the forefront of the Singapore market's overall development, having a hand in the first Asian dollar bond issues and the first float*ing rate tranche CD.* It also handled the first issue last year of commercial paper in Singapore, on behalf of the Japanese company C. Itoh.

For practically all ACUs, though, the foreign exchange market is an important focus of activity. Indeed, it is partly because of the growth in the number of banks, as well as the recent volatility of the exchanges everywhere with the fluctuations of the dollar, that turnover in Singapore has soared to $4.7bn a day.

Chris Sherwell

ACU ASSETS AND LIABILITIES
($m)

End of period	No. of ACUS	Assets: Loans to non-banks	Assets: Inter-bank funds	Assets: Other	Total assets/liabilities	Liabilities: Deposits of non-banks	Liabilities: Inter-bank deposits	Liabilities: Other
1968	1	1.4	29.0	0.1	30.5	17.8	12.6	0.1
1969	11	0.9	120.5	1.6	133.0	97.9	23.7	1.4
1970	16	13.9	370.2	5.7	389.8	243.7	141.0	5.1
1971	21	188.8	850.8	23.2	1,062.8	237.9	811.2	13.7
1972	24	600.9	2,331.1	44.1	2,976.1	398.7	2,550.1	27.3
1973	46	1,226.1	4,950.1	101.0	6,277.2	912.8	5,249.3	115.1
1974	56	2,697.7	7,459.7	199.9	10,357.3	1,614.2	8,531.4	211.7
1975	66	3,472.5	8,929.4	195.5	12,597.4	2,067.7	10,294.3	235.4
1976	69	4,386.6	12,613.1	354.4	17,354.1	1,960.3	15,067.2	326.6
1977	78	5,281.2	15,252.5	484.6	21,018.3	2,254.6	18,350.3	413.4
1978	85	6,376.8	19,829.7	833.6	27,040.1	3,600.0	21,987.2	1,452.9
1979	101	8,484.0	28,093.7	1,585.0	38,162.7	5,771.4	29,424.9	2,966.4

Source: Monetary Authority of Singapore.

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Authorities unhappy about syndicated lending

IF THERE is one respect in which Singapore is compared *unfavourably with Hong Kong,* it is in syndicated lending. The Singapore authorities feel unhappy and sensitive about Hong Kong's ascendancy, and wish to reverse the trend. But some bankers find the comparison boring and say that both centres can share in the growth in lending, assuming they are to move beyond their present complementary roles in which Hong Kong is more an arranging and booking centre and Singapore predominantly a funding centre.

The more serious debate among bankers in Singapore, as elswhere in the world, is about present trends in terms for lend*ing. When confronted,* they readily admit that they, as much as the big borrowers they lend to, face problems because of continuing stagnation in the *industrialised West,* the latest round of oil price increases, continuing balance of payments deficits among non-oil developing countries and their own need to lend.

Certainly last year it became clear that too many lenders were

'Singapore has usually got what it has set its heart on'

chasing too few borrowers. Maturities were lengthening, moving up to 12 or 15 years in notable cases, and spreads were narrowing to as low as ½ or ⅝ *per cent above the Singapore* Interbank Offered Rate (SIBOR), which is effectively the same as its London equivalent, LIBOR. At the same time front-end fees were being competitively reduced to about ⅜, of which perhaps a ½ was having to be passed on. Some borrowers were *also using the better conditions* to obtain finer terms than they had achieved a couple of years earlier.

With such terms, and the implications of the Iranian revolution sinking in, some banks began to realise that they were not able to provide adequately against future losses. The consensus was that circumstances would change, but they did not; newer and smaller banks were jumping in on the *syndicated lending bandwagon* even as the top banks resolved to go no lower.

Then some U.S. banks decided as a matter of policy to set lower limits on allowed margins. Their share of syndicated lend*ing in the region declined,* although some remained prominent in lead managing issues, having allowed others to suffer the low lending margins while they picked up the management fees. In this respect they enjoyed an advantage in being well-known in certain areas, like the Philippines.

Similarly, Japanese banks withdrew under Ministry of Finance encouragement, having been aggressive lenders in 1978. The Japanese authorities, having encouraged capital outflows to help reduce pressure on the yen, imposed ceilings on bank participation in syndicated loans and ordered a greater matching of maturities in borrowing and lending. Like the U.S. move, this promised to improve conditions for lenders still in the market.

According to a German banker, however, there was by this time a change in opinion *regarding country risk.* "Suddenly you couldn't sell first class mandates in Europe. People wer' seeing refugees in Thailand on television and *President Marcos's problems* with the Catholic Church and taking note. We and several others were stuck with a fairly substantial amount on one Philippines loan. So we had to be careful, otherwise we might finaly end up taking what we put in for initially—if we underwrote $125m it might kill us on our internal ratios if we were stuck with $70-$100m."

At this point, he says, it was realised that it was no longer possible to have syndicates of 50-odd members. More and more, therefore, bankers turned to the so-called "club" method, in which the borrower had to put together the loan from banks he knew and they shared the fees. This was what happened with a Bank of Thai*land loan of $200m over 10* years at a margin of ¾ per cent, and it was reputedly a tough exercise about which oven now there are some misgivings.

Taking a longer perspective, however, an American banker said: "There is definitely a bigger move to quality. The first-*class borrowers will continue to* do well. Malaysia and Australia are the Triple A countries, and they're simply biding their time before coming back in. There are variations among the countries of the region, but by comparison with Europe's senility they are all youthful and moving upwards."

To be part of the action, banks need to know who is borrowing and how much. With Hong Kong still the more important marketing point, most banks involved in syndication maintain offices there. But in the view of one Singapore bankers, Hong Kong should be worried at Singapore's more recent efforts to redress the balance. "In *the past,*" he

'To be part of the action, banks need to know who is borrowing, and how much'

warns, 'Singapore has usually got what it has set its heart on."

Two years ago it seemed quite *clear why Hong Kong had man*aged to secure the lion's share of the market for arranging loans. Banks there could arrange tax-free international lending *by funding loans through* an overseas office in Singapore, London or New York. Profits were then deemed to have arisen outside Hong Kong and became exempt from profits tax. In Singapore the rate remained 10 per cent.

Then in March, 1978, Hong Kong imposed a 17 per cent tax which seemed certain to help Singapore elevate itself from its less glamorous role of simply funding loans booked in Hong Kong. According to some bankers in Singapore, a perceptible shift has since occurred. But equally the "division of labour" between the two centres undoubtedly persists and bookings through Hong Kong do not appear to have suffered seriously.

For Singapore, which has always set its face against creating a "tax haven," the Hong Kong move at least meant it would come under less pressure to reduce its taxes. But the general importance of the tax factor is shown by double tax treaties between Germany and Canada on the one hand, and Singapore on the other.

Under provisions in these *treaties, German banks face no* taxes beyond Singapore's 10 per cent (save on dividends), while Canadian merchant bank subsidiaries (but not branches) also pay only the single 10 per cent tax. As a result, Com*merzbank,* Deutsche Bank and Dresdner Bank all have merchant banking arms booking and funding syndicated loans in Singapore; so do Bank of Montreal, Toronto Dominion Bank and Bank of Nova Scotia.

Singapore's efforts to make the city more attractive as an *arranging centre have* been reinforced by two moves this year. The first, unveiled in the March budget, was the abolition from April 1 of a ½ per cent ad valorem stamp duty of a maximum of S$500 on offshore loan agreements by ACUs. Stamp duties on all other documents relating to ACU offshore loans were also lifted. Some bankers say a lower income tax for expatriates compared to Hong Kong would also help.

The other move, *relaxing* restrictions on foreign lawyers practising in Singapore, has generated a heated controversy involving bankers, local lawyers *and the Government. Bankers* have long complained of the inadequate numbers of experienced lawyers in Singapore to handle the growth in banking business over the past few years. The critical area to have suffered has been syndicated lending.

Two U.S. law *firms* already handling offshire-related work in Singapore have to engage local lawyers where Singapore law is involved. But under the new policy, lawyers from the British firm of Freshfields are being allowed to practice in Singapore. Others who wish to do the same must petition the authorities.

The local Law Society is up in arms about the implied slur on its reputation and the loss of lucrative custom, and says it is taking the matter to the Prime Minister. But the decision appears to be final, and in fact there is *probably* room for everybody if loan business picks up as hoped.

Certainly if Hong Kong is losing its competitive edge over Singapore and some banks are drifting west, it also seems true that the market can only get bigger, suggesting a possible need for two centres—Hong Kong for the large markets of China, Taiwan and Korea, Singauore for the ASEAN region, the sub-continent and Australia. It is a division some banks are already making in their internal organisation.

C.S

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Local banks set pace for rest of domestic market

WEE CHO YAW is one of Singapore's richest men. Nobody seems to know exactly how much the 51-year-old chairman of the United Overseas Bank Group is worth, but the bank's 1979 annual report gives some indication of the extent of his wealth. The powerful Wee and his family own more than S$100m worth of the bank's shares, 41m shares of the subsidiary Ching Khiaw Bank, 7m of United Overseas Finance and 8m of United Overseas Insurance.

The group last year managed to achieve a 46.4 per cent jump in net profit to S$52.5m and the New York brokerage house Drexel Burnham Lambert forecasts the bank's net income this year will advance 30 per cent to S$68m, recommending the sese hiht hsesc htet etaSoetaoe counter as an advantageous investment.

Although to some extent typical of Singapore banks, which to outsiders resemble "*family businesses*" in terms of control and management style, UOB is often regarded as one of the most aggressive of the "big four" local banks which set the pace for the rest of the domestic market. The others are the Development Bank of Singapore, Oversea-Chinese Banking Corp and Overseas Union Bank.

Apart from the 49 per cent Government-owned Development Bank, the ownership and control of the other two market leaders follows a similar pattern to UOB.

Annual accounts show that OCBC director Lee Seng directly or indirectly held more than 25m of the bank's 190m issued shares at the end of last year while Overseas Union Bank chairman Lien Ying Chow and his family also owned nearly 25m shares in the bank as well as 7m in the subsidiary Overseas Union Trust.

Privately, the Singapore authorities are concerned that a small group of businessmen should still have such a strong hold onthese powerful institutions which have evolved in line with Singapore's development as a financial centre. Nobody denies the leaders of the major local banks are highly successful businessmen, but as one foreign industrialist operating here asked, "are they bankers?"

Critics feel the 13 local banks still lack expertise when it comes to international banking in the form of loan syndication and other offshore business. At the same time, they allege these banks have been slow to upgrade customer services in line with marekt developments or introduce innovations unless spurred to do so by competition from foreign banks or Government financial institutions.

But the banks themselves counter that they have been quick to introduc eautomated teller machines and to streamline in-house banking systems through computerisation and automation. They also claim to be lookin ginto ways of automating Singapore's system of clearing the 75,000 to 95,000 cheques a day which still have to be cleared manually.

U.S. branches

The leading banks have also moved overseas and are expected to open more branches in the U.S. to take advantage of the lucrative North American wholesale banking market.

Development Bank of Singapore, United Overseas and Overseas Union Bank are already operating branches in New York while UOB has also obtained approval from the California State Banking Departmen to set up an agency in Los Angeles this August, known as a foreign branch under Californian law.

It is interesting to note that International Bank of Singapore, in which each of the big four has a 25 per cent share, has already taken the step of filing an application with the Monetary Authority of Singa pore to open an agency in LA as well. This points to the fact that the four shareholders have recently scrapped an accord which effectively prevented them from setting up overseas branches in the same location as IBS to avoid duplication.

One of the chief reasons for this decision to move faster into the overseas market is mounting competition at home in nearly all areas of banking activity.

"The growing number of financial institutions (in Singapore) has led to stiff competition for available business, particularly for new deposits," Overseas Union Bank chairman Lien Ying Chow spells out in the annual report. His cry also echoes the views of most of the other local banks who fear erosion of their deposit base by stiff competition.

On the one hand local banks have benefited from strong regional loan demand and the expansion of Singapore's rôle as an international financial centre, but on the other, they have suffered to some extent from the influx of foreign commercial banks into Singapore in the last decade. These now number 90 of which 24 have full branch licences.

The scramble for deposits is underscored by the fact that loans and advances have been growing at a faster rate than deposits. Loans of all banks in Singapore rose 36.9 per cent to a provisional S$17.38bn in March over the same 1979 period, but total non-bank deposits rose at a rate of only 28 per cent to S$13.22bn.

But even more larming is that according to Monetary Authority of Singapore statistics, the local banks' share of domestic banking business excluding the offshore operations of Asian currency units has fallen to 46.1 per cent at the end of 1979 from 47.5 per cent the previous year and 48.6 per cent in 1977. At the same time their share of loans and advances including bills has declined to 36 per cent of the total market at en d1979 from 38.1 per cent in 1977 while the share of total assets and liabilities has dropped to 41 per cent from 45.5 per cent two years previously.

Aggregating domestic and Asian currency business, local banks suffered a fall in share to 28.3 per cent of non-bank customer deposits from 34.4 per cent in 1977 and to 19.1 per cent from 20.6 per cent for loans and advances.

So the pattern is clearly defined. The days of the loyal bank customer in the traditional style of the overseas Chinese businessman appear to be over. One leading local banker described Singapore depositors as not only status conscious in terms of the institution they bank with but possessing a high level of awareness of comparative interest rate levels and services offered by different banks. This explains partly why some foreign banks with full branch licences such as Citibank were so successful in their marketing drive to attract depositors away from the traditional local institutions.

Yet the presence of the foreign banks is not he only threat to the local banks. For some time they have been growing increasingly uneasy about the encroachment of the public sector into financial activities which have traditionally been within the purview of the private sector.

This includes the aggressive marketing strategies of the Development Bank of Singapore, which although listed on the stock exchange, is 49 per cent owned by the Singapore Government. DBS recently introduced a highly successful "autosave" or call deposit account facility which gives customers an interest rate return on funds held in their current account.

But more critical are the activities of the State-run Post Office Savings Bank with its huge network of 102 outlets in key locations including shopping complexes and housing estates. The POSB has successfully pursued a policy of mobilising domestic savings and encouraging personal savings habits among Singaporeans. The result has been that at the end of March 1980, the eight-year-old State bank had a deposit base of S$2.58bn and S$1.77m savings accounts out of an estimated population of only 2.5m.

Significantly, but perhaps not surprisingly, total deposits with the POSB have been growing faster than those with the major commercial banks. Its deposit based expanded 24 per cent during 1979 compared with a 9.6 per cent rise for OCBC and a 14.5 per cent increase to S$1.9bn for Overseas Union Bank.

Guidelines

One of the main attractions for depositing money with the POSB is that it offers tax free interest on deposits of up to S$100,000 as well as longer service hours to customers including nightime banking in major locations. The bank is able to offer attractive terms on both loans and deposits because, as an independent statutory body, it does not come under the Banking Act, which exempts it from maintaining the 26 per cent reserve requirement with the MAS.

Hire purchase and housing loans accounted for around 60 per cent of the S$1.96bn of total finance company credit outstanding at end March 1980. The Monetary Authority is expected to introduce guidelines sometime this year which would encourage finance companies to become more involved in other forms of financing including industrial financing. This has already been initiated to some extent by Hong Leong Finance, which in May this year announced it was participating in Singapore's small industries finance scheme under the auspices of the Republic's Economic Development Board.

Unfortunately, DBS and the Post Office Savings Bank are not the only public sector bodies causing alarm to competing private sector financial institutions. Singapore's massive Central Provident Fund, a compulsory savings institution for all workers, not only stifies deposits with banks but also cramps any possible development of the country's domestic capital market.

Contributions to the CPF, which siphons off around 30 per cent of employees wages taking into account employer contributions, represented about 10 per cent of Gross Domestic Product at current prices or 34 per cent of gross domestic savings in 1979. A CPF spokesman said the fund held around S$8.05bn of contributions at end March 1980 and financial analysts calculate the fund is growing at around S$2bn a year.

More than 90 per cent of the CPF funds are invested in Government securities which market sources say hinders growth and development of an active secondary bond market: instead, a percentage

Commercial banks have to maintain a minimum non-interest bearing reserve deposit of 6 per cent of their deposit liabilities with the MAS and also keep a liquidity ratio of at least 20 per cent.

The POSB has already ventured into bond issue management and underwriting and has diversified its use of funds with a one third equity share in Banque Nationale de Paris (South East Asia).

Explaining the rationale behind the merchant bank joint venture, BNP's head office chairman Jacques Calvet said that BNP itself is represented or established in all five member countries of ASEAN, Singapore, the Philippines, Thailand, Malaysia and Indonesia.

Well geared

As POSB garners more than 60 per cent of local savings deposits, BNP (SEA) is particularly well geared to assume a significant role in the domestic Singapore market as well as in the region through its offshore or Asian currency unit licence, M. Calvet said.

But even beyond this, local bankers fear the POSB might also introduce a form of current account facility at some stage

The Securities Industry Council, which is chaired by the Monetary Authority of Singapore's managing director, Michael Wong Pakishong, said it is currently considering recommendations from the private sector on how to internationalise and develop the capital market.

Apart from formulating proposals on how best to prevent the Central Provident Fund from inhibiting capital market development, the Council is also believed to be pondering suggestions covering the listing and trading of fixed income securities and equities of major international corporations, ways to encourage foreign borrowers, dealers and investment funds to establish a presence in Singapore, ways to upgrade the professionalism and services of the securities industry in general and the further development of the Asian dollar bond market.

United Overseas Bank chief manager Ernest Wong Yuen Weng recently told a financial seminar in Singapore that "the 1980s may well see some revision in the local tax laws of benefit to issuers, investors, dealers, syndicate members and other participants in the capital market."

This could take the form of extending the concessionary 10 per cent tax rate on Asian Currency Unit operations to securities business in the local capital market.

Merchant bankers also believe a large pool of funds could be drawn on to enliven the local securities market if the authorities waived the 40 per cent tax on Singapore residents' income derived from overseas investments when repatriated into the Republic.

Paul Lazard

BASIC STATISTICS
(1979 figures)

Area	616.3 sq km
Population	2.36m
(Pop. growth 1.2 per cent p.a.)	
Unemployment rate	3.3 per cent
GDP at current factor cost	S$18.141m
GNP at current market prices	S$19.451m
GNP per capita	S$8,232
GNP per capita (indigenous)	S$6,515
Gross national saving as percentage of GNP	25.8 per cent
Index of industrial production (1974=100)	154.9
Rise in consumer price index	4.0 per cent
Imports	S$38,334m
Exports	S$30,940m
Balance of payments on current account	−S$2,562
Overall balance	S$1,137m
Total foreign reserves	S$12,562m
(ratio to merchandise imports in months	3.9)
Currency: £ =	Singapore$4.98

Source: Economic Survey of Singapore, Ministry of Trade and Industry, Singapore.

PERCENTAGE SHARE OF LOCAL BANK S DOMESTIC BANKING BUSINESS
(excluding ACU operations)

End of period	Deposits of non-bank customers	Loans & advances including bills	Total assets/liabilities
1977	48.6	38.1	45.5
1978	47.5	36.1	43.0
1979	46.1	36.0	41.0
Local Banks' Share of Domestic and ACU Business			
1977	34.4	20.6	15.5
1978	33.1	19.5	15.5
1979	28.3	19.1	13.8

Thriving position

CONTINUED FROM PAGE 1

Malaysia, Indonesia and Thailand, along with more distant countries like Australia, the Philippines, Tiwan and Korea, all enjoy growth rates that suggest a near insulation from the industrialised West's sluggishness.

Not all is rosy, however. The political stability of some of these countries appears fundamentally fragile, even if it is not obvious that more democracy would make them more stable. The problems relating to Indo-China, moreover, are far from ended. A single major upset in one part of the region could be disastrous.

On the domestic front, Singaporeans speak most often of two problems for the future. One is how to cope with affluence. Singapore seems to be losing some of the sense of crisis that sustained its cohesion and discipline in the early cause of survival. Now there are worries about overconfidence and "softness"—an erosion of the old spirit of ruggedness. In its place, though, is an atmosphere more relaxed than it was even two years ago, and a more open tolerance of what were once outlawed, "fringe" activities.

The second problem, in Mr. Hon's words, is the need to ensure an orderly and satisfactory succession. Though Mr. Lee Kuan Yew is probably good for at least another term in office, this has not stopped him and other members of the "old guard" leadership trying to prepare the way for a change by pushing several young and capable men into positions of responsibility to test their mettle. But it is recognised that this may still only ensure good administration rather than great leadership.

For the mass of Singapore's 2.3m people, however, such problems loom less large. Indeed, it is reckoned that the message of an old joke still applies—namely, that all the average Singaporean wants is "one wife, two children, a three-roomed flat and four wheels." Confirmation of this is impossible. But stuck in the midst of yet another traffic jam, one taxi-driver offered a new version of the old rule of democratic equality as he complained of the delay: "Traffic jam," he said, poting disdainfully to cars with single drivers. "In Singapore, one man, one car." In Singapore, that's progress.

Asian dollar bond prices show signs of recovery

PERHAPS no offshore activities illustrate so well Singapore's "little brother" relationship with its bigger European counterpart than the markets in Asian dollar securities — Asian dollar bonds and CDs (certificates of deposit). Indeed, it is no real surprise to discover that the Asian dollar bond market has been rather a disappointment and CDs a broad success, even if peculiar local factors have also been responsible.

This is not to say that the Asian dollar bond market has been a disaster, although some bankers in Singapore undoubtedly believe this to be so. Market conditions — be it inflation, the depreciation of the dollar or rising interest rates — have in recent time discouraged interest in longer-term investment and large paper-losses have been sustained by bond-holders. But over the nine years since the first Asian bond was issued, there has been progress, and the latest pick-up in bond prices has at least reminded people that the picture in Singapore is not one of unrelieved gloom.

Certainly things have been worse. The onset of recession in the industrialised West in 1974 brought an almost total loss of confidence. The turnround by 1976 was partly the product of a general change in sentiment, but this was reinforced by the Singapore Government, which remained anxious to see the bond market established and lifted estate duty on Asian dollar bonds.

Since then interest on Asian bonds received by non-residents has been lifted, and stamp duty on bond certificates abolished. And of course tax on earnings from managing and underwriting bond issues is at the concessionary 10 per cent rate.

The European Investment Bank, which has tapped the market three times, is one of several issuers from outside the region. There have also been flotations by the African Development Bank and, in 1978, by the Republic of Panama, the first foreign government to make an issue. The first ASEAN Government outside Singapore to float a bond was the Philippines, with a seven-year $100m issue last September. The first sign of Middle East interest in the market came in 1975 when an Arab bank helped manage a $12m flotation by a Singapore shipyard.

Some issues have been denominated in currencies other than dollars — Australian dollars, yen, Deutsche Marks and Special Drawing Rights. Altogether some $1.7bn had been raised by last month, with just under half the flotations fixed-rate issues, just over 40 per cent floating rate notes and the rest convertibles.

The majority of issues in 1978 and 1979 have been floating rate, meaning that interest is linked to the Singapore Interbank Offered Rate (SIBOR) for three- or six-month deposits. But earlier this month t—earlier this month a fixed-rate issue by Orient Leasing encouraged hopes for a revival of this instrument. The amount was $30m, maturity was five years, and the coupon 12 per cent.

These developments suggest that Singapore has now developed adequate managing and underwriting expertise to handle bond issues, although undoubtedly there are still advantages in the European link, which permits larger issues to be floated and a better secondary market to be developed.

Expansion of the Singapore secondary market has been encouraged by the trend towards floating rate note issues. But the market's lack of liquidity is still said by bankers to be the greatest obstacle to the growth of the Asian dollar bond market.

One secondary market maker states categorically: "In the recent rally we would have made three times as much as we have, had we been in London or New York. But it's not been possible, even though it has been a good month. Costs of delivery are higher in Singapore, and we need to buy on a larger scale. But the market is thinner, and we can't find sellers of the right size. Whereas people in London or New York will buy or sell, here they are more likely to hide. It's terribly frustrating."

Another market maker disagrees. The problem, he says, is not the number of participants in the market. "All the top market makers are here. The problem is that the number of issues is limited. In Europe the number is larger, so it seems more active. But the technical aspects are no different, and even in Europe it can be difficult to buy and sell."

Both agree that Singapore did the right thing by trying to encourage the Asian dollar bond market, even though it has been rather caught out by market conditions. They also stress tre importance of having more issues, encouraging international trading in securities, and establishing Singapore as a link in a global network just as it already is in foreign exchange.

Singapore's encouragement for the issue and trading of CDs has met with greater success. Again, the principal complain—though in this instance apparently less justifiable—concerns the underdevelopment of the secondary market.

"No primary market can sustain forward momentum without a viable secondary market," complains one American banker. "And in the secondary market for CDs here there is a lack of participation by the banking community."

In fact as with the bonds the principal market makers are all active—DBS-Daiwa, Merrill Lynch, Credit Suisse First Boston and most recently Bankers Trust.

Though essentially time deposits with a specified maturity of anything for one month to five years, CDs are also negotiable and can be sold before maturity for cash. For the banks issuing them they are thus a means to secure funds for their day-to-day requirements; for banks and others holding them they offer a return while at the same time being almost instantly encashable. In Singapore they have therefore provided an additional source of funds for the ACUs, and in 1978 32 ACUs issued CDs.

Fixed-rate CDs, first tried unsuccessfully in Singapore in 1970, were re-introduced in 1978. Primary issues amounted to almost $500m in 1978, and presently stand at about $700m after the rising trend of interest rates dampened growth. U.S. banks accounted for about two-thirds of the issues, Japanese banks for another fifth.

Of greater importance have been the longer-term floating-rate CDs, of which over $1.2bn-worth have so far been issued in Singapore. In fact Singapore has now become the most important financial centre issuing floating-rate CDs outside London. The key to this growth has been stringent regulations regarding Japanese bank lending imposed by the Japanese Ministry of Finance.

The Ministry ordered Japanese banks to match, up to a specified limit, the maturities of their assets and liabilities, covering a proportion of long-term lending with long-term borrowing. Floating-rate CDs allowed them to borrow long—and this is done through Singapore, it is said ,for reasons of proximity and convenience but also to help the monetary authorities develop the market.

Significant

In a significant development, the Monetary Authority has from this month abolished the "queueing" system under which banks issuing floating-rate CDs came to the market in a smooth and orderly fashion. The shift to a more laissez-faire approach has coincided with a turn in the market, making its timing fortuitous, some issuing banks might have had to withdraw from the queue this month had it continued.

The authorities are also considering whether to allow foreign banks without any branch in Singapore to register CD issues in the city. The change would allow non-resident banks to issue CDs in the Asian dollar market, and would represent a further development for Singapore.

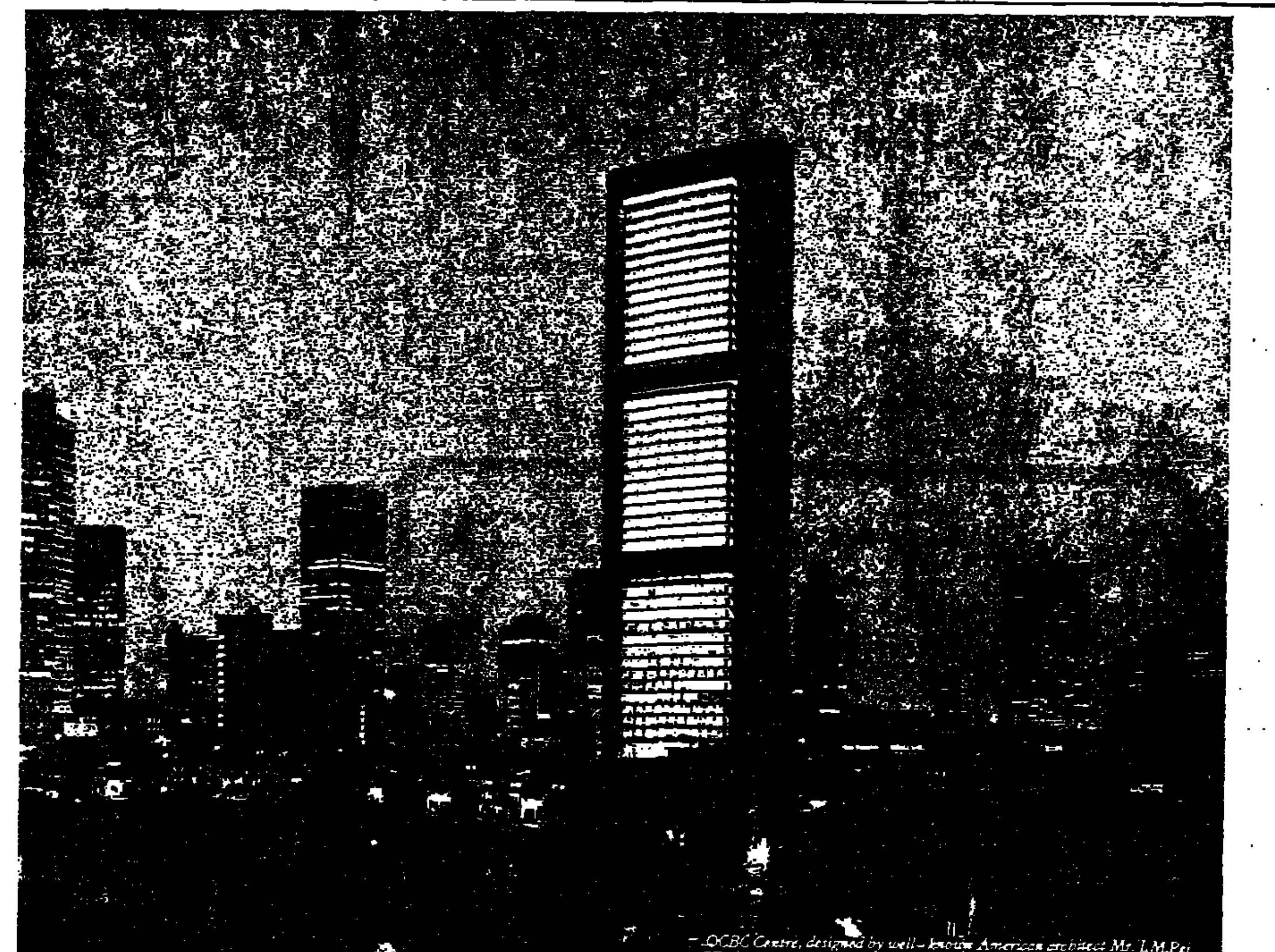
The next step in the securities market, however, appears to have made a start. In a controversial move DBS-Daiwa managed the first issue of Asian commercial paper—in effect the corporate equivalent of the floating rate CD—on behalf of the Japanese trading company C. Itoh. The amount was $10m for three or six months, and the margin was low, at one-eighth above SIBOR. DBS-Daiwa expect to manage a second issue this year.

C.S.

ISSUES IN THE ASIAN DOLLAR BOND MARKET
($m)

	No. of issues	Total	Up to 5 years	5-10 years	Over 10 years
1971	1	10	—	10	—
1972	2	51	—	31	20
1973	3	70	—	10	60
1974	—	—	—	—	—
1975	3	47	—	47	—
1976	9	266	120	86	60
1977	14	368	61	262	45
1978	12	403	217	156	30
1979	8	358	—	338	20

Source: Monetary Authority of Singapore.



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Republic hopes to attract international insurers

SINGAPORE'S progress towards its goal of becoming a regional re-insurance centre has been *disappointingly* slow, despite fiscal incentives offered to international insurance brokers and re-insurance companies. But re-insurers are generally optimistic that regional and international business will compensate for a limited domestic market, whereas life insurance companies in Singapore find themselves squeezed by both local and foreign competitors.

General insurers too are under pressure: in an overcrowded market they faced declining premium income last year and a series of heavy claims.

But despite the presence of a large *number of insurers in* Singapore, chasing a limited domestic market, the Monetary Authority is not prepared to close the door *to new arrivals.* Instead it is on the look-out for international insurers who can bring additional expertise to the Singapore market in terms of services, underwriting capacity and greater specialisation.

The idea of creating a sound local capacity for writing international business began in the early 1970s. There are now nine professional re-insurance companies in Singapore, three of which are local, one of them —the Singapore Reinsurance Corporation—being the largest operator in the market with a premium income of just over S$40m.

Need for time

"In global terms the Singapore reinsurance market is very small—its capitalisation and *underwriting capacity only* a fraction of the world picture" admits a leading re-insurer. But the Monetary Authority *hopes that the built-in* advantages Singapore enjoys—the absence of exchange controls, fiscal incentives, efficient *communications facilities.* Singapore's strategic location and excellent banking and related financial services—will increasingly move the industry in the right direction.

"You can't develop Singapore into a reinsurance centre overnight," says Insurance Commissioner Tan Guan Aik. "The effects of the 10 per cent concessionary tax rate on profits from offshore business introduced in 1977 have yet to be ascertained."

Greater controversy surrounds the performance of the life insurance business. Traditionally inhibited by the role of the Central Provident Fund (CPF) which siphons off a substantial *proportion* of savings in the form of compulsory wage deductions, life insurers have succeeded in tapping only 10 per cent of the estimated market—or 100,000 out of the 900,000 working adults considered potentially eligible out of a total population of 2.4m.

Life insurers are under attack by the Monetary Authority for not being sufficiently enterpris*ing and for failing to identify* the changing needs of increasingly prosperous Singaporeans.

The Central Provident Fund is also about to provide fresh competition in a different guise. The Government recently announced that CPF funds will provide a mortgage protection scheme to the 49,000 flat*dwellers who are buying their* homes from a statutory housing board and who are suing their CPF savings to pay off their *mortgages. A subsequent life* insurance scheme, also using CPF funds, will take the form of a lump-sum income related pay*ment to dependents of a CPF* member who dies before retirement.

The Monetary Authority appears to be thinking in terms of offering only a minimum benefit CPF making the scheme into a rival for the trade union-run insurance company, which already provides life insurance cover for the lower income group. Mr. Tan says: "We firmly believe in the free enterprise system and the private sector should not be worried that their role would be undermined by the Government." But commercial insurers are still concerned.

"If CPF goes into insurance in a big way it will, of course, be of concern to life companies," says an insurance manager. "It depends how far they go and what is meant by a minimum *benefit. If it turns out to be* as low as S$5,000 it could even have the effect of triggering a thought process and making *Singaporeans more aware of the* advantages of taking out life insurance—which would in turn benefit existing companies."

At the same time, the monetary authority has made it clear that it will consider applications from foreign life insurers to set up additional companies to compete with existing ones. The Authority is particularly interested in applicants prepared to arrange joint ventures with small local companies and those prepared to go in for aggressive marketing to combat "public apathy" towards life insurance.

Life insurers claim that given the size of the market, they *already offer a reasonable range* of contracts — although the majority of business is sold under basic tables, as in many other parts of the world. One broker pointed out: "Whole life and endowment policies can be tailor made by attachments to suit individual clients." The same broker disparaged the *suggestion that annuities* and investment-linked insurance schemes should be offered to Singaporeans. "There's a very *limited market. We do have* several unit trusts but demand is not great."

Tax relief on insurance premiums has also been eroded by increases in CPF contributions. "We're now selling on the basis of 'forget the tax relief, concentrate on covering the risk'," says a leading life insurer. But he concedes that there is scope for expansion in the industry "provided the economy keeps up."

This hope is echoed by many *general insurers faced with* declining profitability caused by falling premium income and a series of hefty claims. Particularly hard hit last year were the marine and fire insurance sectors, although even fringe companies survived because they were able to make re-insurance arrangements. Marine losses were high following supertanker disasters and an increasing number of fraudulent claims.

Quibbling

This latter problem was by no means entirely solved by the *Far East Regional Investigation* Team (FERIT) set up in Hong Kong and supported financially by the insurance market in Hong Kong, London, Singapore, Malaysia, Indonesia, Taiwan and Japan. As a result of FERIT's recommendations, a data bank was created to provide collated information for underwriters, but so far no agreement has been reached on how to pay for the bank to be updated. "Local companies are quite happy to pay out huge sums of money on claims, but quibble about the relatively minor costs involved in the data bank," says a foreign insurer.

Insurance Commissioner, Tan Guan Aik, concerned over the effects of marine fraud on Singapore insurers, says that fraud can only be effectively minimised by international cooperation. "The report which resulted from the *FERIT* investigations should be studied by marine underwriters seeking to learn from this unpleasant experience."

Some legislative changes are now under consideration by the Government which would provide for stricter licensing arrangements for insurance agents and brokers. At the same time the Insurance Act is likely to be amended to widen the scope of the kind of assets in which insurance companies now have to invest their funds. This would answer a long-standing grievance of the industry that its ability to offer a wider range of contracts is prevented by present insistence that a large percentage of investment has to be in Government bonds.

Without committing himself, Finance Minister Hon Sui Son says: "I think the time has come for restrictions (on investment in Government bonds) to be lifted." Such a change would offer the industry a ray of hope in an otherwise unpredictable future.

Kathryn Davies

Key link in the global foreign exchange system

AT 1.30 am Washington time on Friday April 25, a shocked world learned for the first time of the failure of the U.S. mission to rescue the diplomatic *hostages held at the American* Embassy in Tehran. Across the other side of the globe, in Singapore, it was lunch time on the last day of the week, and the markets were open. For the foreign exchange dealers pre*paring to close business, the* news came like a bolt out of the blue.

Stunned, they stopped every*thing. For several agonising* minutes none dared quote a rate for the dollar. Then its exchange rate started falling. *Ever on the mark,* the Bundesbank in Germany, where it was only breakfast time, stepped in and bought dollars. The U.S. currency began to resist the trend and, in the words ofo ne banker in Singapore, the Bundesbank probalbly even *made some money for itself.*

Few examples better illustrate how Singapore has become a key link in the global foreign exchange network that, with the help of modern communications technology, now allows currency dealing around the clock. Central banks, multinational corporations and a wide variety of other financial institutions, including of course the banks themselves, kep a 24-hour watch on the market in order to trade and to make money—or rather not ot lose it.

Singapore offers the widest *window on the world between* Japan and Europe—wider even than Hong Kong or Bahrain because of the hours it is open *and its physical location.* At the end of each day Singapore hands over to London, Frankfurt and Zurich; at the begin*ning it takes over from* Tokyo and San Francisco. One Swiss bank in Singapore even deals *between Swiss banks back home because of their own agreement* not to deal directly with each other before a certain time.

By last month, daily turnover on Singapore's foreign exchanges was running at $4.7bn a day and rising—a figure now widely said to be in excess of Hong Kong's turnover. Less than two years ago average turnover was $1.8bn a day; in 1974 it was just $350m. About 30 to 40 per cent of turnover on a typical day is dollar/Deutschemark, according to the monetary authorities; another 20 per cent is dollar/yen, and a *further 20* per cent is in sterling.

Volatility

The growth is partly a reflection of the increasing volatility of the foreign exchanges which has been seen ever since the Bretton Woods system came to an end. But it is also a ocnsequence of the growth of the Asian dollar market and of the number of ACUs in Singapore. Apart from the eight brokers operating on the island, there are estimated to be about 15 or 16 market makers, about 30 major participants in the market and another 100 orso on the fringes. One multinational corporation operates through no less than 29 banks.

Watching it all is the Monetar yAuthority, which demands detailed monthly returns of all foreign exchange dealings, and a young breed of sharp and enthusiastic chief dealers. Although some dealers feel central banks can defend their currencies more easily in Singapore because it is still smaller than other markets, most agree that Singapore is a follower rather than a leader and that central banks must start in Tokyo if they wish to act firmly on a particular day. Dealers say they can tell when central banks are in the market, but rarely know exactly on what scale they are operating.

Only a tiny proportion of the foreign exchange activity in Singapore is to finance trade, even though Singapore remains one of the world's major trading centres and has one of the top five busiest ports. The same may be said of tourism, for all the phenomenal growth this has shown. Bankers don't like to say so openly, but the bulk of the activity on Singapore's foreign exchange market is in fact speculative.

The experience of being on the sidelines of such a phenomenon appears also to have sharpened Singaporeans' entrepreneurial instincts in the currency field—to the chagrin of the authorities. The lifting of exchange regulations in June 1978, coupled with a relaxation in restrictions on domestic lending by offshore banks, produced *an opportunity which they and* the banks have not missed. For the Monetary Authority it has been a test for all its techniques of "*moral suasion.*"

The opportunity lies in the fact that offshore banks are not subject to the 26 per cent liquidity reserve requirement that applies to their "full bank" domestic counterparts. This has provided an incentive to indulge in what are known locally as "Sing swaps"—swaps between Singapore dollars and foreign currencies, usually the U.S. dollar because, with interest rates higher for the dollar, the yield on the deals is better.

The swaps work like this. A holder of surplus Singapore dollars buys U.S. dollars from an ordinary bank and places them in an ACU — a deal that is done all the time and is perfectly acceptable. Then, in a manipulation which the authorities say is against the spirit of the Banking Act, the holder of the U.S. dollars sells them back on a foreward basis to the bank — or more usually another bank disguise the deal.

Incentive

The bank then sells the U.S. dollars spot for Singapore dollars, which it then lends out in the full amount without holding back 26 per cent as reserves. The bank offers the customer an incentive to do all this by agreeing to pass on most of the benefit that it reaps by lending the full amount. Competition among the banks has meant their own share has been cut back. But both the customers and the banks emerge better off.

The authorities meanwhile find that their control of the money supply is being undermined. In response they have applied a degree of "moral suasion" on the banks which even one local banker was forced to describe as "very heavy pressure."

According to Mr. Hon Sui Sen, the Finance Minister, moral suasion can't be totally effective without tougher sanctions behind it, and he points out that the legislation relating to foreign exchange controls is still in place. But he says the re-imposition of controls would be "against the grain."

One U.S. banker says that at one stage last year there was some talk of reviewing the liquidity reserve requirements. Nothing has been heard since, and a local banker says the Monetary Authority's proposals have yet to be unwrapped.

C.S.

Mr. Michael Wong Pakshong, managing director of the Singapore Monetary Authority

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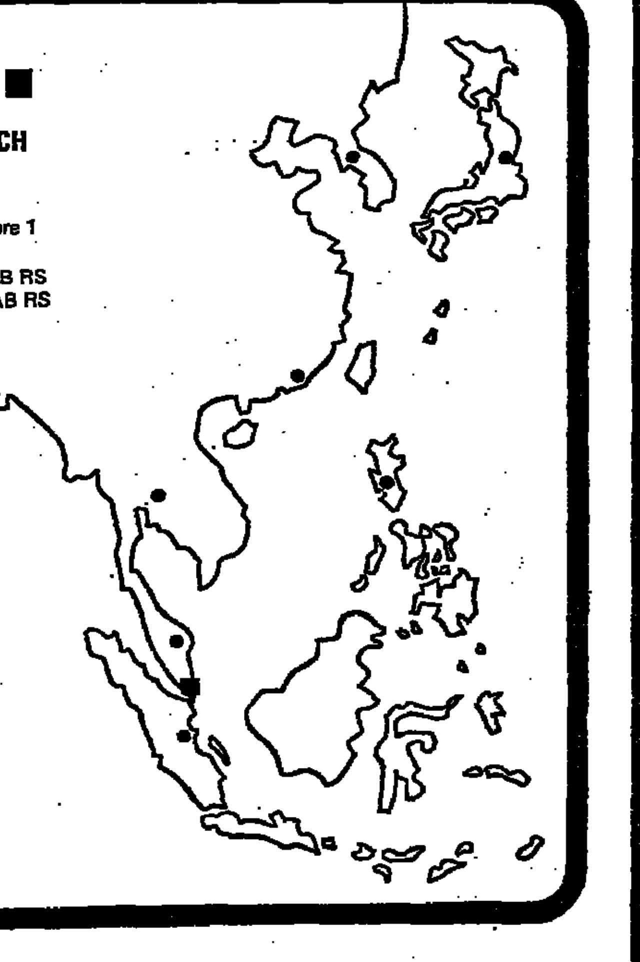

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Gold futures market exceeds hopes

"IN THE East there is a mystique about gold," says Singapore's Finance Minister Hon Sui Sen. "People in the region subject to Japanese occupation (during the Second World War) have a faith that makes them invest in gold. Also, if you are a Vietnamese refugee, the existence of small gold trinkets is much more appreciated even than U.S. dollars."

Singapore's fledgling gold futures exchange — the only formal gold market in Singapore and the only international futures market in the ASEAN-Pacific basin—was set up 18 months ago to extend the scope of the Republic's hitherto informal gold dealings. Its per*formance so far has* exceeded most expectations. But lack of liquidity, expensive brokerage and margins and cumbersome delivery systems are limiting the market's speculative base and casting doubts on its ability to attract big international investors.

In terms of lots per day traded on the exchange (GES) the current average of 150 (of 100 Troy ounces) is higher than the *100 lot* mark considered necessary for the market to be viable. The new system also survived the hectic trading in *December and January when,* as part of the international gold rush, the daily average increased to 500 lots. "We coped pretty well," says an experienced dealer" and the sound financial structure of the clearing house allowed us to avoid the kind of financial problems experienced elsewhere."

Under the Singapore system, futures contracts and prompt, current month and the subsequent four even months are available at any time. For example, on January 2, deliveries for prompt, January, February, April, June, August and October would be traded.

Contracts are guaranteed by the Singapore Gold Clearing House, which, on the insistence of the monetary authority, is a separate institution owoed by the largest four local banks and the Singapore branch of the Bank of Nova Scotia. The clearing house issues gold certificates to buyers which are valid for 12 months.

However, dealers point out that although the setting up of the GES was well-timed and is making money for the clearing house and for most exchange members, it has failed to make really significant inroads into the total volume of gold dealing in Singapore and has seemingly saturated the local futures market.

It is impossible to assess the total annual volume of gold dealings in Singapore, but it is generally believed that the GES accounts for perhaps as little as 10 per cent of the market. Most investment and speculation continues to be in the informal markets: the "loco" London (spot transactions in standard 400 oz bars, delivery in London) and trading in local kilobars in which goldsmiths and big overseas investors tend to participate.

The exchange also has trouble in attracting the right kind of speculator, or investor. As the dramatic drop in lots per day traded between January and May indicates, a large number of investors burned their fingers in the turmoil which hit inter*national markets at the turn of* the year. These speculators consequently withdrew abruptly from the market, provoking *GES chairman Dr. Gan Ajoen* Hok to call on participants who equate gold futures with easy money to stay out of futures dealing.

At the same time the obvious lack of liquidity in the GES is a deterrent to the kind of speculator Dr. Gan would welcome—a sound businessman with substantial risk capital available and the right psychological make-up to indulge in which he correctly describes as "an extremely risky and emotionally stressing venture." Such an investor finds it cheaper to deal *in "loco" London or the New* York commodities exchange, Comex. It is also felt that the Hong Kong futures market, now in prospect, will at least be as competitive as Comex and will therefore make international participation in the GES under present conditions less likely.

Talks in progress

However, discussions are currently under way in both the GES and the clearing house on ways of improving the competitiveness of the Singapore gold market. It is possible that the minimum rates or original deposits required from members as a security for outstanding contracts will be reduced in line with the Comex requirement of US$5,000.

The present gold certificate system is also currently under review. This is expected to involve the introduction of an internal accounting system between the clearing house and depositing banks permitting the issuing bank to give a "delivery note" to the customer which would not be negotiable but would be "much cleaner."

Kilobar contract trading is also likely to begin in the near future, although implementation has been held up by reservations from the clearing house over the volume of administration needed to accompany it. Impetus for this development has come from brokers and the kilobar contract is thought likely to be attractive mainly to the small investor.

In an effort to attract larger participants, the Government cut the tax rate on income derived from offshore gold transactions from 40 per cent 10 10 per cent in the March budget. The expected loss of revenue is estimated at S$1.5m. But, says Hon Sui Sen, "We expect eventually to recover the revenue we lose" when the market expands.

The problem for the development of the GES is that overseas brokers would inevitably have to bring in a substantial amount of overseas business, merely turning the exchange into a booking centre for overseas buyers and sellers. This would offer little prospect for healthy long-terb development, since it would not offer depth to the futures market.

However, Dr. Gan hopes that recent swings in interest rates will point up the attractions of spread trading—the simultaneous buying of one futures month against the selling of another—for holders of physcial gold, such as goldsmiths and jewellers, as well as for people who would rather take a stand i ninterest rate fluctuations than gold prices.

Meanwhile the Government is looking at the possibility that the gold futures market could play a significant part in setting up a Singapore commodities exchange to fit in with the overall concept of the city state as a major financial centre. However, bankers and dealers believe that financial institutions would probably be reluctant to participate in an exchange dealing in softer commodities and that such a totally new concept would not fit in with the present framework of gold futures trading.

Kathryn Davies

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No losers in the battle for supremacy

SINGAPORE and Hong Kong are engaged in a never ending battle to be the main financial centre of Asia. Most of the time they are chasing their own shadows. For this is a contest in which there do not seem to be any losers.

Neither city state can regard itself as anything but a winner. The same can be said for the many banks and other financial institutions which have invested in a presence in either city or, more likely, both.

It is as probable that one will knock the other out of the race as it is that the U.S. will become a one-party state. And for the same reason. The two are complementary as much as competitive. Yet each is sufficiently aware of the other's performance not to allow the other to open up to commanding a lead. Singapore is more self-conscious about the rivalry. It needs to be because it is a smaller city and one in which financial and related services play a larger role than they do in Hong Kong.

The reason why both cities are financial centres dates back to before the idea had been conceived.

Their positions are best understood as the transfer to a modern context of the entrepot trade and commercial service roles for which they were originally — and very deliberately — created by British merchant imperialists.

Even in the telex and jet age geography is still important and for that reason many things can be done in and from Singapore which can't be done from Hong Kong, and vice versa.

That said, the rivalry is genuine. As Singapore Prime Minister, Lee Kuan Yew, put it recently: "Hong Kong keeps Singapore on its toes." And vice versa.

The styles of the two cities differ but their goal is the same. Singapore has, from the very beginning of its financial centre ambitions, deliberately set out to attract and foster certain types of financial services. Through tax incentives and other devices. Barely a Budget goes by without some tax changes aimed at encouraging new types of service for which a potential market seems to have appeared or removing wrinkles in the path of existing ones.

Hong Kong takes few, if any, initiatives and publicly adopts a "hands off" posture that gives no favours to any industry. In practice it is rather more pragmatic, changing a rule here, turning a blind eye there, yet without overtly compromising any of the basic principles of the colony's tax system or financial freedoms.

Ever alert

The difference of approach is summed up in the early history of the Asiadollar market. Back in 1968, Bank of America had spotted the potential for a regional market for short term funds and foreign exchange transactions.

Ever alert to the chance of promoting new products and services, Singapore abolished its witholding tax on interest paid to non-residents and offered banks the incentive of a profits tax rate of only 10 per cent on offshore business.

By around 1972, with the Singapore market showing lively growth Hong Kong began to be concerned that itc ould be missing good business.

The Government was not prepared to mak any concession on withholding tax nor introduce into its tax system the distinction between resident and on-resident.

It toyed for a time with the idea of allowing banks to set up segregated departments to do Asiadollar business without withholding tax.

But it allowed banks to side step the issue throug an interpretation of the tax code so that financial institutions do not face withholding tax on transactions with their branches or affiliates.

The net result was that banks and finance companies in Hong Kong could borrow Asia or Eurodollars from their branches elsewhere and use Hong Kong as a lending centre.

Many bankers thought this an even better idea than having an official ACU market in Hong Kong on which they would have had to pay 15 per cent profits tax. With this informal system they paid no profits tax on loans made offshore on the grounds that the profit was not derived from Hong Kong.

This created a complementary link between Singapore and Hong Kong with Singapore the funding centre and Hongfi Kong the lending centre.

The structure is evident in the breakdown of the offshore assets and liabilities of Hong Kong banks and deposit taking companies.

At the end of December 1979, these institutions owed U.S.$5.4bn to banks in Singapore bue were due only U.S.$2.2m in return from Singapore. Hong Kong's other main sources of funds were London—$5.3bn, and New York —$2bn.

The timing of Hong Kong's quiet manoeuvre could not have been better. It came in time to attract a massive inflow of foreign banks which set up finance company subsidiaries (there was a moratorium on new bank branches) and representative offices to catch the rapidly growing lending opportunities in the Asian Pacific region.

These lending opportunities grew faster than ever after 1973/74 oil price increases condemned a number of countries in the region to perpetually high current account deficits.

Hong Kong, however, has remained first and foremost the place where loans are arranged rather than booked. The current total of some $9bn in offshore loans by Hong Kong banks and deposit taking companies is small not only in comparison with the $40bn for the Singapore ACU market but also in relation to the unknown amount of loans arranged in Hong Kong but booked at diverse points around the world.

Hong Kong's own position as a booking centre received a brief setback two years ago when the Government moved to collect some tax from banks and deposit taking companies on profits on loans arranged from Hong Kong but made offshore.

There were cries from banks that they would be forced out to Singapore or even Manila. In the event there was no such exodus. The tax was applied rather lightly, so that in effect it was no greater than in Singapore. At worst expenses could be offset against it.

Any deleterious effects of the tax issue on Hong Kong were offset by two favourable developments. First was the end of the banking licence moratorium which resulted in 41 new licences being issued to leading international banks bringing the total licenced banks to 115.

Second, was the opening up of China and the hope—very overstated—that this would lead to big new lending business.

Although the licence moratorium has been temporarily reimposed to curb domestic credit expansion it is likely to be lifted again before long.

As a result of these developments, Hong Kong's position as the leading Asian syndication centre has probably been further enhanced. It has not, however, had things entirely its own way with different banks for various reasons adopting different management strategies for the region.

Singapore's proximity to Indonesia and Malaysia has been particularly important, while bankers in Hong Kong have been more preoccupied with the big East Asian borrowers and the Philippines.

Both cities offer a wide range of efficient back-up services for the banking industry, ranging from the phone and texel services to printing and accounting. But Hong Kong has been a long way ahead in offering legal services. It decided several years ago not to protect the local legal fraternity from outside competition.

Expertise

Big British and American firms are active in Hong Kong and can provide expertise in loan documentation not available to Singaporean lawyers.

Typically, however, the Singapore Government has recently moved to overcome this deficiency. Ignoring the outcries of local interests it has allowed the London rfim Fresholds to set up in Singapore. Others will follow.

Singapore is also pushing hard into new areas such as international fund management —long established in Hong Kong—and bond and other securities dealings, though Singapore's securities market is much samller than Hong Kong's and investors face a withholding tax on dividends. It has attracted relatively little foreign interest.

Singapore has official Asiadollar bond market to itself, and recently abolsbed stamp duties to encourage the secondary market. But in practice, far more actual secondary market bond business is done in Hong Kong through the big securities houses and banks operating there.

That is another example of Hong Kong's ability to engender informal markets simply by letting traders get on with it without insisting on a formal framework or supervision that is a permanent difference of philosophy which stems from the cities' different political situations.

But Singapore is in earnest to develop itself as a securities market and if successful could take away some of Hong Kong's informal business.

The gold markets provide an intaeresting example of rivalry and contrasting styles. Hong Kong has a large and long established gold market conducting its business in Cantonese.

Side by side there grew up both "loco London" and a "loco Comex" markets, informal but active markets conducted by international bullion dealers and commodities houses in Hong Kong hours but on the basis of London and New York.

Eighteen months ago Singapore set up its own gold futures market, a formal market to rival both Hong Kong's traditional market and the informal "loco markets. In time it is possible that Singapore would have attracted a growing share of the business, particularly at the expense of the informal markets, but Hong Kong has now allowed the HK Commodity Exchange to set up its own gold futures market.

Lee Kuan Yew: "Hong Kong keeps Singapore on its toes"

Singapore's domestic financial market is smaller than Hong Kong's but money markets are more developed because of the existence of Government securities and the Government's use of market mechanisms to influence interest rates and money supply.

On the other hand the ability of Singapore's domestic capital market to develop in the long term is constrained by the overwhelming size of two Government institutions—the Central Provident Fund, the main mobiliser of household savings, and the Housing Development Board, dominance in the housing market.

The HDB and the Government together absorb most of the CPF's cash flow.

In Hong Kong, life insurance and pension funds are still rather undeveloped but they have massive growth potential. International non-life insurance business is a growing industry in both cities. Singapore has offered tax advantages and Hong Kong is in the process of tightening up its previously almost non-existent regulation of the industry in an effort to improve its image as an insurance centre.

Singapore may profit from efforts by the Association of South-East Asian Nations to retain reinsurance business within the five nation group. Hong Kong has the advantage of being a very large ship owning centre.

Last, but very very far from least, are the respective roles of the two cities as the hubs of overseas business. Singapore is closer to and has more direct business dealings with Chinese in Malaysia and Indonesia. On the other hand, the Thai Chinese community — which probably controls more assets than its Malaysian and Indonesian cousins combined— has closer links with Hong Kong. It is to Hong Kong, politically neutral and with its free and easy attitudes to the origin and uses of money, that Chinese throughout the region look primarily as a haven for their funds.

Singapore on the other hand clearly attracts a lot of similar fund money from non-Chinese Malaysians and Indonesians.

Singapore and Hong Kong are rivals in certain areas, complementary in others. They are in contiguous, but still different areas of Asia. Each is affected by its own hinterland, one Malay and capitalist, one Chinese and communist, which influence the sort of business that can best be done.

But essentially both prosper under the same conditions — the internationalisation of business, and the pragmatism that has served East Asia so well.

Philip Bowring

Bankers get down to real co-operation

BANKING co-operation within the Association of South East Asian Nations (ASEAN) was until recently confined to rather dull, even if worthy, matters such as "exchanges of information" and "banking education." The excuse offered for not attempting more fundamental co-operation was the diversity of banking systems in the five member countries (not to mention their differing states of economic advancement) and the fact that in some countries banks are in the main privately owned while in others the State is predominant.

True, when the heads of state of the ASEAN five—Indonesia, Malaysia, the Philippines, Singapore and Thailand—came together in August 1977 for their second summit meeting, one of the areas of agreement was on setting up a US$ 100m central bank swap arrangement to support any member's currency should it come under undue pressure. But this was a political gesture as much as anything and, even though the swap line was later doubled, little, if any, of the facility is thought to have been utilised yet.

It was not until earlier this year, when ASEAN had entered its 13th year of life, that bankers in the region committed themselves to really meaningful co-operation, although when they did—at the ASEAN Banking Conference and meeting of the ASEAN Banking Council in Jakarta during February—they really did get down to fundamentals. The 26-member council, drawn from both private and State-sector banking interests within ASEAN, resolved to found a new type of development finance institution to foster an industrial take-off in the region, and to launch new financial instruments for stimulating trade among the five.

Original thinking

Both projects had in fact been suggested as early as 1974 by a United Nations team commissioned to identify promising areas of economic cooperation within ASEAN. But that report had been gathering dust on bureaucrats' and planners' shelves for some six years when a group of development-minded bankers began indulging in some original thinking, although they do acknowledge some debt to the UN team.

Specifically what was decided upon in Jakarta was a scheme to launch a development finance institution, drawing upon both European and Japanese models, as well as moves to harmonise ASEAN's different financial systems to that trade-financing instruments, such as U.S.-dollar bankers acceptances, can be freely traded. This, it is hoped, will serve to stimulate commerce and trade.

According to one Indonesian banker represented on the ASEAN Banking Council, Dr. J. Panglaykim, president of P. T. Sejahtera Bank Umum in Jakarta and an advisor to the Indonesian Government's Centre for Strategic and International Studies, says foreign banks have not really proved to be really committed to the ASEAN region "They deal in money instruments but the old (European) merchant banks were more adventurous. The old pioneers are not pioneering any more, so the pioneering must come from within the region itself."

Dr. Panglaykim's argument was that, in a five-nation grouping of some 240m people such as ASEAN, and one which is richly endowed with primary commodities and raw materials, there must be great scope for marrying domestic and foreign capital with other local resources to foment an industrial revolution. As ASEAN Governments had tried, and largely failed, to do this through the politically-inspired ASEAN industrial projects (several of which have proved to be non-starters) bankers might make a better job of it, he suggested.

But it was no good simply aping the British-style merchant banks or the French banques d'affaires or the West German "all-purpose" banks which have become major shareholders in industry, the ASEAN bankers felt. What might be needed was something more along the lines of the Japanese *shogo shosha*—a team usually translated to mean "trading company" but which in fact means a great deal more than that. These nine principal "supertraders" including such names at Mitsubishi, Mitsui, Marubeni and C. Itoh, stand ready to do just about everything for Japanese industry from providing finance to organising marketing, distribution and exports, even if trading is essentially the name of their game. This, felt bankers such Mr. Omar Abdalla, chairman of the ASEAN Banking Council, and Dr. Panglaykim, might be the model ASEAN needed.

Essentially what the bankers had to do was to find a development institution which would accord with the different states of banking development and the different monetary regimes within ASEAN. State banks, which in Indonesia control 83 per cent of the credit to the banking system, would have to be able to participate, along with private banks, in such new venture-capital institutions if the idea was to get the blessing of the various central banks and monetary authorities involved. There were also regulations preventing State-owned banks from operating in certain ASEAN States to be taken account of.

With various schemes before it, the ASEAN Bankers Council meeting in Jakarta in February finally came up with a firm proposal for something called the AFC, standing for ASEAN Finance Corporation. This wholly ASEAN-owned institution will be designed to supply financial and support services to ASEAN Economic Community (AEC) ventures. After months of discussion, this marked a real breakthrough for the three and a half year old ASEAN Banking Council.

Although agreement in principle was reached on the AFC issue by the 26-member council, the proposal still needs the approval of the individual monetary authorities in the ASEAN nations. Simultaneously, a steering committee from the council will flesh out the specifics of the new corporation, which, it is hoped, will be ratified by the next ASEAN Banking Council meeting scheduled for July in Manila. Then it is back to the monetary authorities.

The main purpose of the AFC will be to fill the financial needs of ASEAN investors—defined in the council's report as "mainly industrial enterprises based on the markets of three or more of the five AEC members." The AFC's capabilities will be wide-ranging.

It can participate in and initiate new industrial investment by providing seed (equity) capital and low-cost funds (with concessional interest rates and amortisation periods).

The AFC will not only service ASEAN-wide ventures, but will allow itself access to individual-country investment as well. Ownership of the new institution will be 100 per cent ASEAN, divided equally among the five member-countries. Management will be pooled from the group's banking comunity, but will not rotate. This is designed to give the AFC greater stability.

Changes needed

But putting the innovation into practice is not without its problems. Approval is needed from monetary authorities in the ASEAN nations. Also, in four of the five nations (Singapore is the exception) monetary regulations would have to be altered to allow for regional application of the bills.

The ASEAN proposal calls for specific changes to enhance the atractiveness of acceptances to importers. One important factor is the "buyer of last resort" facility, a role the central banks of importing countries would assume by making the ASEAN bills readily rediscountable at preferential rates. Banks could use this option to obtain cash if necessary.

At the same time, foreign exchange regulations covering conversion procedures on export earnings would have to be changed, as some monetary authorities require that proceeds be immediately sold to the central bank.

Meanwhile, some Singapore bankers suggested in private that a strictly ASEAN-based bankers acceptance market would probably not take off, because it was unlikely to achieve the necessary volume to make it viable. A more cosmopolitan acceptance market, aimed at financing trade with countries outside the region as well as intra-ASEAN trade, could mean that the ASEAN market would operate as a subsidiary to the main New York market, just as the Asiadollar market is an extension of the Eurodollar market, they suggested.

Most people feel that this suggestion is more than just a case of sour grapes on Singapore's part at not having got its own U.S. dollar acceptance market launched yet, and that ASEAN would be wise to study the wider aspects of regional trade financing instruments.

Anthony Rowley

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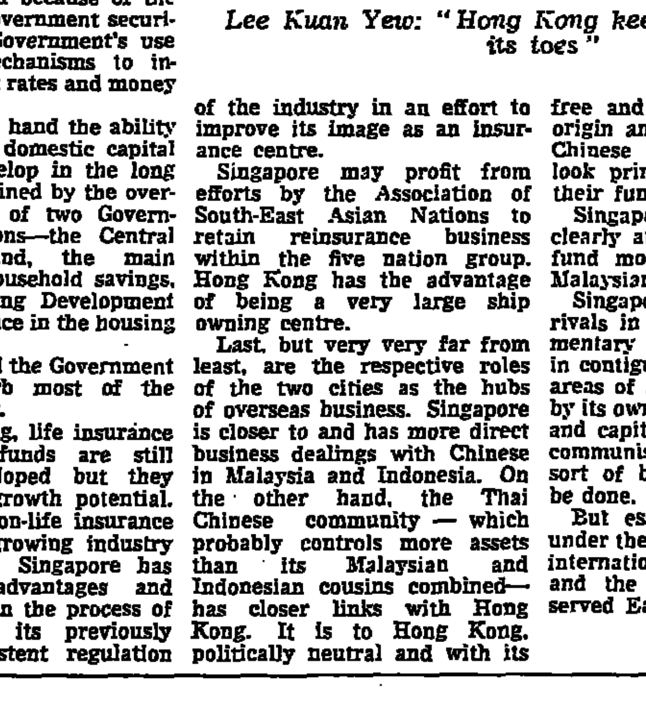
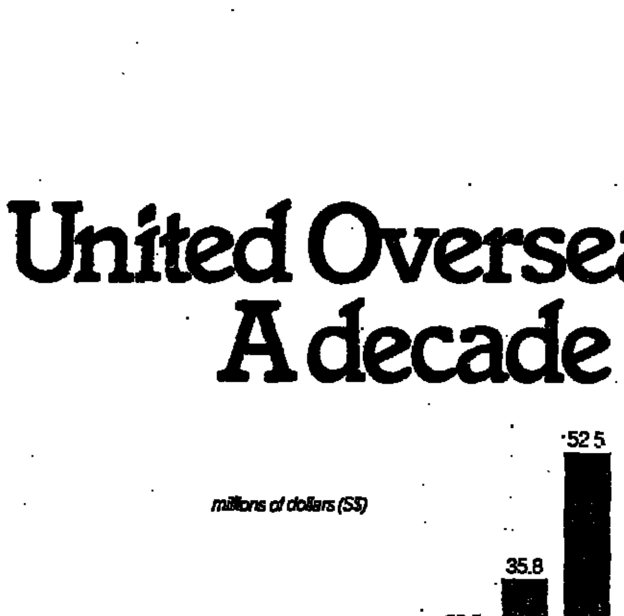


Total Assets Compound Rate of Growth 1970—1979: 29.3%



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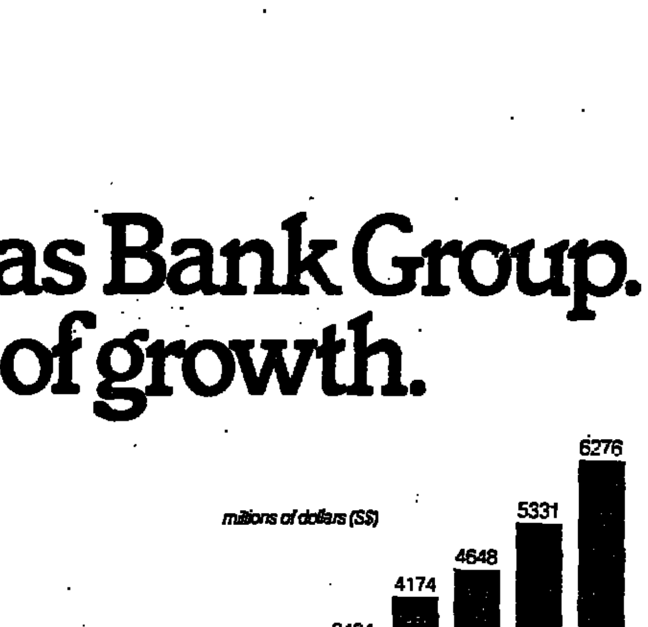

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LOMBARD

An idea whose time has come

BY ANATOLE KALETSKY

"MORE POWERFUL than the march of mighty armies is an idea whose time has come." Next Tuesday the impressionable people of California will go *to the polls to vote on Proposition 9*, a measure to halve their state's income tax. Their decision may go a long way to prove whether Victor Hugo's stirring ideas apply with un*diminished force to ideas which* are implausible to the point of absturdity: in this case the theory, known as the Laffer Curve, which purports to show that cutting taxes will not reduce the revenue available to the state to pay for public services, which the electorate, by and large, wants to preserve.

Professor Laffer's theory starts from the observation that a Government which confiscated all its subjects' incomes by imposing a 100 per cent tax rate would soon lose all its revenue, as people gave up work. From this incontrovertible premise he *decides that there must be some* threshold tax rate (which he shows as the apex of his famous curve), above which any further tax increases would reduce incentives and divert resources away from productive uses to such an extent that it would actually cause Government revenue to fall. It follows, therefore, that once this threshold is passed, a tax cut can increase the revenue available to the State!

Now, this argument has been knocking around the economics profession, as a theoretical conjecture, for over 100 years. But it took Professor Laffer, *reinforced by the political nous* of Mr. Howard Jarvis, the Californian anti-tax crusader, to realise that the spirit of the age would enable him to turn an unsubstantiated academic curiosum into a marketable political idea.

The practical significance of the Laffer argument depends entirely on just where the theoretical threshold tax level actually lies: a point which is fiendishly difficult to establish by any known econometric technique. The studies that have been done have suggested *average* tax levels of between 60 and 90 per cent would have to be reached before the Laffer threshold was passed.

When asked for some facts to set against the econometricians' evidence that no Western country has ever approached the Laffer threshold tax level, the Laffer school has two answers. First, they have found it easy to foster a confusion between *high marginal tax rates, which* undeniably produce disincentives, and high average tax rates, to which the Laffer theory actually refers.

However, the evidence on the *incentive effects of changes in* moderate basic tax rates, such as Britain's current 30 per cent, is nugatory. Indeed, while Mrs. Thatcher in Britain claims that "cuts in income-tax at all levels" are the "only way to make it worth while to work," she spends much of her time castigating workers for wanting to raise their earnings in other ways—for example, by going on strike. Even under Labour's 33 per cent, British workers were not short of incentives to demand more pay than their employers could afford.

The second reason for the growing acceptance of the Laffer theory, in the face of all the econometric evidence, is California's experience in the two years after Proposition 13 halved the state's property taxes. Instead of the collapse in the social fabric that was widely predicted, there was an economic boom, government revenues did indeed grow and public services escaped serious damage.

Was this a triumph for Mr. Laffer's theory? There is a more plausible explanation: by voting themselves a tax cut, unmatched by a reduction in public spending, Californians were *practising good, old-*fashioned Keynesian demand management. With an unlimited supply of potential immigrants from other states available to join the labour force, and with a fixed exchange rate *against* the rest of the U.S., California was ideally placed in 1978 to benefit from a fiscal stimulus.

Proposition 13 vindicated Keynes, not Laffer; which may explain why the Laffer Curve is treated with as much derision by Chicago monetarists as by Washington and Sacramento bureaucrats. And why, as unemployment rises during the coming slump, Professor Laffer's reflationary prescriptions, however dubious their theoretical foundation, may take on the power of an idea whose time has come.

Hoping for a chicken and cider summer

BY LORNE BARLING

AROUND BRITAIN

HEREFORD

IN HEREFORD, probably the country's most rural city, even industry is dependent upon the weather. Two of its largest companies, H. P. Bulmer and *Sun Valley Poultry*, are hoping for a sizzling summer to make people drink more cider and eat more cold chicken.

They remember the heatwave in 1976 fondly. The Bulmer cider factory, the largest in the world (producing up to 30m gallons a year,) boosted its output by around 15 per cent that summer to meet consumption, and many of the 4,000 people employed by the two companies worked overtime. Tourism flourished to the delight of shopkeepers, small hotel owners and trade in general. Although farmers may not take such a delight in the absence of rain, or in the arrival of unruly herdes from the cities, those with orchards, hop fields and market gardens are well aware that high demand is good for prices.

This summer, more than in previous years, Hereford could do with a good break. Not that times are bad, but unemployment is nevertheless above the national average. Herefordians traditionally return home when they are out of work. Life is more pleasant in Hereford, they say.

Many young people have to go to the West Midlands or further afield for jobs, and the traditional rural reaction to unemployment—a stint in the Army or jobs in the former colonies—still attracts a fair number of the young. No doubt a select few find their way back to the Hereford headquarters of the Special Air Services Regiment.

Between 1950 and 1970 the number of people employed locally in agriculture was almost halved, and has stabilised at around 2,500, roughly the same number employed by the *other big company in the area*, Henry Wiggin. Wiggin, situated to the north of the city, makes very high-quality metals, some of which are used in aircraft engines. It moved to Hereford in the early 1950s for strategic reasons, after being advised by the government of the day to be outside any possible Birmingham nuclear blast area.

Hereford had a major ammunitions factory during the war, no doubt for similar geographic reasons, which was closed in 1946. The large site is still providing space for industrial expansion. During the post-war years Wiggin drew much *of its skilled labour force from* cutbacks by the Gas Board and British Rail, but now it operates its own technical school in conjunction with the technical college, as does Bulmer.

Most people joining the school are local, often coming from farming jobs which have been lost through modernisation, and their mechanical aptitude is fairly high. Between them, the two companies have created a pool of skilled local labour.

As with other cities, Hereford is trying to attract investment. The county council's industrial development officer, Mr. John Henshaw, admits that communications are "not brilliant" but points out that they are better than in Wales. In any case, the kind of company he wants to attract is unlikely to be too concerned. Hereford wants small new technology companies, and seems to be getting them, although in limited numbers.

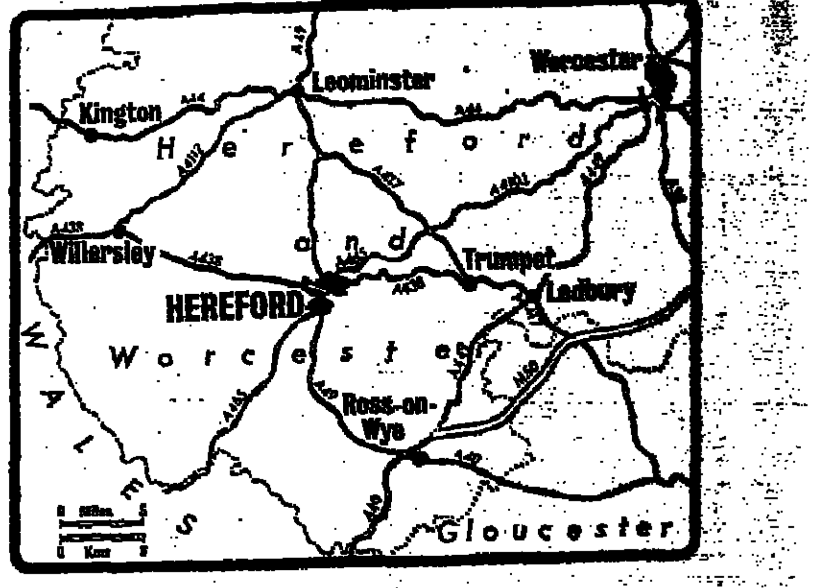
"The kind of people we are attracting here are likely to be as concerned about their way of life as anything else," Mr. Henshaw says. "I don't mean they are fanatics, but the type of person involved in electronics is often individualistic about the way he or she lives."

He sees a growing trend towards people relying on their own skills and not having to think in terms of established industry since such companies do not need large buildings or workforces.

"I would much rather see 10 small high technology companies come to the area, employing perhaps 100 people, than one medium-sized company taking on the same number," he says. For a start at least one of the small companies is likely to do well and increase its workforce substantially. Besides, small companies are easy to relocate, are unlikely to have communications problems, and provide opportunities for the learning of skills.

Examples of such companies are Baugh and Weedon, which makes electronic fault-finding equipment used to detect cracks in metal in aircraft and on railways; and Hegotron, which supplies printed circuit boards, usually at short notice, for research and development work.

One notable advantage Hereford enjoys in attracting industry is low costs. New factory space is available at £1.50 to £2 a sq ft, and good refurbished space at around £1. There is also plenty of space with more than half of the 300-acre site of the former munitions factory still to be utilised.



The Ministry of Defence remains an important influence in the area, owning a great deal of land and operating an ordnance depot outside the city. Although the Special Air Services Regiment employs servicemen rather than civilians to do many of its administrative jobs, *Army spending power in the* area is substantial.

The biggest recent event in the city was the opening of the Midlands Electricity Board's new combined heat and power station, which provides *steam* at comparatively low cost for Bulmer and Sun Valley. The scheme is advanced in concept and fits in with the kind of practical efficiency local industry thrives on.

The longstanding *Liberal* influence in Hereford, which regularly returned MPs of that persuasion until just after the war, has once again asserted itself with Liberal gains in the *local elections*.

Although this is unlikely to mean radical changes, because the Liberals were already the dominant party in the Council, local Conservatives cannot be *too complacent about the safety* of their MPs.

High hopes for Miss Neustrie

RACING

BY DOMINIC WIGAN

THAT POPULAR and accomplished Northern jockey, Jimmy Bleasdale, who has been sidelined for the past five weeks with a broken ankle sustained at Pontefract, returns to a double stint today.

Bleasdale resumes in the afternoon at Thirsk, where he has notched up a number of noteworthy victories, before driving north to Hamilton's evening meeting. I am hopeful that Wallawalla will return him to the winner's enclosure after the Yorkshire course's *Gordon* Foster Stakes.

Guy Reed's Amber Rama filly, a half-sister to a number of winners including Warpath and Dakota, did extremely well in her first season.

The short-head conqueror of Glen Dancer over seven furlongs at Ayr on her racecourse debut, in which she won from what appeared to be an impossible position, Wallawalla again won by the minimum distance when just holding off another smart animal in Fine Sun over 10½ furlongs at Haydock.

Wallawalla, a respectable fifth when a 20-1 chance for the XYZ Handicap on her one previous outing this term, can land the feature event by *taking* advantage of the 13 lbs she receives from the recent four lengths Newmarket winner, Sentry Duty.

It is not often that the Aga Khan is represented *at Thirsk*, and backers are advised to note a market move for Miss Neustrie in the Elmire Maiden Fillies Stakes.

While Bleasdale, Hide and Raymond are busy at Thirsk, most of the country's top jockeys can be found at Kempton, where Miss Neustrie's stable companion, Broad Principle, carries top weight in the Robert Half Stakes. Michael Stout's three-year-old seems sure to go well, without, perhaps, proving good enough to concede 11 lbs to the ever-improving Double Florin.

KEMPTON
2.00—Luxulam
2.30—Ballacorey
3.00—Double Florin
3.30—Tarvie
4.00—Wilton Beacon*
4.30—Mekayla
5.00—Salthouse

THIRSK
2.45—Cider Man
3.15—Wallawalla**
3.45—Miss Neustrie***
4.15—Markie

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.40-12.50 pm Cricket: One-day Test—England v West Indies. 1.15 News. 1.30 Camberwick Green. 1.45 Cricket: One-day Test (continued). 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Baggy Pants and the Nitwits. 4.40 The Red Hand Gang. 5.10 In the Limelight with Lesley. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 It's a Knockout.
7.50 Citizen Smith.
8.20 The Sun Trap.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Rosie (London and South East only).
10.45 Regional, National News.
10.50 The Late Film: "Here We Go Round The Mulberry Bush," starring Judy Geeson.

All Regions as BBC-1 except as follows:—

Cymru / Wales — 1.30-1.45 pm Bys a Bawd. 4.40-4.45 Crystal Tipps and Alistair. 4.45-5.10 Babol Bach. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.50 Plant y Paith. 9.25 Eisteddfod Yr Urdd. 9.55 Week in Week out. 10.45 Regional, National News. 10.50 Starsky and Hutch.

Scotland — 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 Living Legends. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm *Northern Ireland News*. 5.55-6.20 Scene Around Six. 10.15 Gallery. 10.45-10.50 Regional, National News. 12.25 am News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North-west (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) Straight Talk; North (Leeds) The Enemy Camp; North East (Newcastle) Most Heroic; North West (Manchester) Home Ground; South (Southampton) The Pembrokes of Wilton; South West (Plymouth) The Brainwave Memory Bank; West (Bristol) Movie Magic.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.00 pm Cricket: England v West Indies.
6.55 The Collier's Crusade.
7.25 Mid-Evening News.
7.35 Gardener's World.
8.00 Robbie.
8.30 The Royal Academy Summer Exhibition.
9.00 Sing Country.
9.40 Playhouse.
10.55 Newsnight.
11.30 Cricket: England v. West Indies (highlights).
†12.00 The Outer Limits.

LONDON

9.30 am Ten Times Empty. 9.55 A Big Country. 10.20 Last of the Stone Age Men. *11.05 Story Hour.* 11.55 The Bubblies. 12.00 Songbook. 12.10 pm Once Upon A Time. 12.30 The Special Child. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 For Maddie with Love. 2.00 After Noon Plus. 2.45 Friday Matinee: "Things In Their Season." 4.15 Worzel Gummidge. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.30 Looks Familiar.
7.00 Winner Takes All.
7.30 The Other 'Arf.
8.00 Hawaii Five-O.
9.00 Turtle's Progress.
10.00 News.
10.30 Soap.
11.00 The London Programme: The Death of Blair Peach.
11.45 Luke's Kingdom.
12.45 am Close: Personal choice with Dame Peggy Ashcroft.

All IBA regions as London except at the following times:

ANGLIA

9.30 am Off on a Comet. 10.15 The Coral World. 11.05 Chopper Squad. 11.55 Cartoon. 1.25 pm Anglia News. 2.45 Houseparty. 3.15 The Quiz Kid. 5.15 A Sharp Intake of Breath. 6.00 About Anglia. 8.00 The Incredible Hulk. 10.30 7 Days. 11.00 Friday Late Film: "The Man Hunter." 12.45 am Christians in Action.

ATV

9.40 am Spinnolio. 9.50 Sesame Street. 10.50 The Wild Wild World of Animals. 11.10 Chopper Squad. 1.20 pm ATV Newsdesk. 2.45 "Swanee River," starring Al Jolson. 5.15 Happy Days. 6.00 ATV Today. 10.30 W.K.R.P. in Cincinnati. 11.00 ATV Newsdesk. 11.05 The Friday Film Fantastic: "Soylent Green," starring Charlton Heston.

BORDER

9.30 am Sesame Street. 10.25 Focus on Wildlife. 11.05 Chopper Squad. 1.20 pm Border News. 2.45 Houseparty. 3.15 Quiz Kids. 5.15 Fangface. 6.00 Lookaround Friday. 6.30 You're Only Young Twice. 8.00 The Incredible Hulk. 10.30 Leading Lady. 11.00 Friday *Night Movie: "Death is a Woman,"* starring Patsy Ann Noble. 12.35 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "Letters From Three Lovers." 6.00 Report at Six. 6.35 Ladies First. 8.00 Vegas. 10.28 Channel Late News. 10.36 One Man's Music. 10.55 TV Movie Premiere: "Ritual Of Evil." 12.40 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 9.30 The Coral World. 10.25 Mr. Speaker. 10.50 Torridon — A Winter's Tale. 11.45 Cartoon Time. 1.20 pm North News. 2.45 Friday Matinee: "Doctor in Trouble." 6.00 North Tonight and Area Weather Forecast. 6.30 A Sharp Intake of Breath. 8.00 B.J. and the Bear. 10.30 Points North. 11.30 Reflections. 11.35 Police Woman. 12.30 am North Headlines and Road Report.

GRANADA

9.30 am Sesame Street. 10.25 Clue Club. 10.45 The Outsiders. 11.35 Untamed Frontier. 1.20 pm Granada Reports. 2.00 Live from Two. 2.45 Friday Matinee: "Operation Bullshine." 5.15 Granada Reports. 6.00 Granada Reports. 6.30 This Is Your Right. 6.35 Crossroads. 11.00 Public Office. 11.30 House of Horrors: "The Abominable Dr. Phibes."

HTV

9.30 am Animated Classics. 10.10 Wild, Wild World of Animals. 10.35 *The Lost Islands. 10.05 Stars on Ice.* 11.25 Four Nations Tournament. 11.50 Larry the Lamb in Toytown. 1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Cyborg 2087." 5.15 Selwyn. 6.00 Report West. 6.30 Emmerdale Farm. 8.00 A Man Called Sloane. 10.35 Report Extra. †11.05 The Friday Film: "Psyche '59."

HTV Cymru/Wales—As HTV West/HTV General Service except: 11.55 am-12.10 pm Mistar Clai. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ. 5.15-5.45 Breakers. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Eisteddfod Genedlaethol Yr Urdd Bro Colwyn 1980.

SCOTTISH

9.30 am Nature of Things. 10.00 Plain Speaking. 11.00 Nature of Things. 1.20 pm News and Road and Weather. 2.45 Friday Matinee: "Dr. Cyclops." 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 Streets of San Francisco. 10.30 Ways and Means. 11.00 Late Call. 11.05 Late Night Movie: "The Wicker Man."

SOUTHERN

9.30 am Untamed World. 9.55 Rush. 10.50 Poetry of Landscape: Thomas Hardy. 11.10 Survival Special. 1.20 pm Southern News. 2.45 Houseparty. 3.15 Quiz Kids. 5.15 Happy Days. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Southern Report. 8.00 Streets of San Francisco. 10.35 Opinions Unlimited. 11.05 Soap. 11.35 The Late, Late Premiere: "Fifty Fifty."

TYNE TEES

9.20 am The Good Word followed by North East News. 9.30 Everyday Life in the Arctic. 9.55 George Hamilton IV. 10.20 Celebrity Concert (Engelbert Humperdinck). 11.10 Nature of Things. 1.20 pm North East News and Lookaround. 2.45 Friday Matinee: "Take My Life." 5.15 Happy Days. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 8.00 The Incredible Hulk. 10.30 North East News. 10.32 Friday Live. 12.00 W.K.R.P. in Cincinnati. 12.30 am Epilogue.

ULSTER

10.10 am Sesame Street. 11.10 Tarzan. 1.20 pm Lunchtime. 2.45 Friday Matinee: "Operation Bullshine." 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.00 Vegas. 10.29 Ulster Weather. 10.30 *Sportscast. 11.00 Witness. 11.05 Friday* Film: "Stalk the Wild Child." 12.25 am Bedtime.

WESTWARD

9.35 am Untamed World. 10.00 Refrigeration Keeps. 10.20 Mr. Magoo. 10.30 Feature Film: "Thunderbirds Are Go." 1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Letters From Three Lovers." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 8.00 Vegas. 10.32 Westward Late News. 10.36 Sportsline. 10.55 TV Movie Premiere: "Ritual Of Evil." 12.40 am Faith for Life. 12.45 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Animated Classics. 10.20 The Lost Islands. 10.45 The Secret Lives of Waldo Kitty. 11.10 Chopper Squad. 1.20 pm Calendar News. 2.45 Friday Film Matinee: "The Chiltern Hundreds," starring *Cecil Parker* and A. E. Matthews. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 10.30 Brass in Concert. 11.15 Friday Night Film: "Blind Terror."

RADIO 1

(S) Stereophonic broadcast
‡Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 *Anne Nightingale.* 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Ally Pally Pops (S). 9.55 Sports Desk. 10.02 Marks in his Diary. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Nielsen (S). 9.50 BBC Northern Ireland Orchestra (S). 10.40 Cricket: England v West Indies. 7.30 pm Planctus, Lai and Sequence (S). 8.55 Blue and Black (story). 9.15 Tchaikovsky (S). 10.00 Music in our Time (S). 11.00 News. 11.05-11.15 Closedown: Music by Gleo (S).

VHF—with Medium wave except as follows—6.00-7.00 am Open University. 10.40 Young Artists Recital (S). 11.40 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 18th Century German Voice and Lute Music (S). 1.45 Tchaikovsky (S). 2.30 *A Revolution in Polish Music (S). 3.20 Sacred* Garden of Delights (S). 4.20 20th Century Piano Music (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.20 Open University. 7.00 Janacek String Quartet No 1 (S). 7.25-7.30 Play It Again (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 *Prayer for the* Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.45 The Best of *Myles:* 8.59 Continental Travel. 9.00 News. 9.05 Desert Island Discs. 9.45 Down the Garden Path. 10.0 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Dunkirk 1940. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 "Fathers and Sons by Turgenev (S). 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile of Dr. Edward de Bono. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 *A Book at Bedtime. 11.15 The Financial* World Tonight. 11.30 The Wreck of the Royal Charter. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

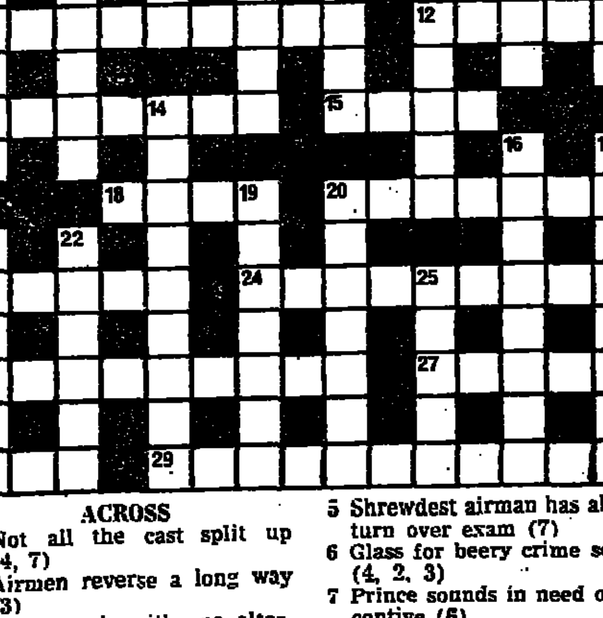
London Broadcasting

6.00 AM with Douglas Cameron and Des Fahy. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Mummy's Weekly" (S). 11.00 Mike Allen's Late Show (S). 2.00 am Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,284



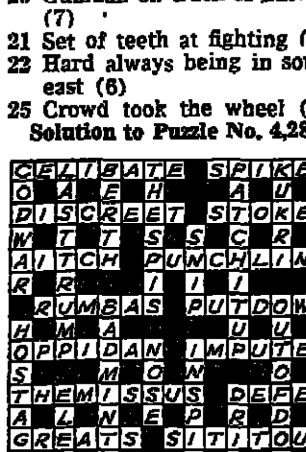
ACROSS

1 Not all the cast split up (4, 7)
7 Airmen reverse a long way (3)
9 Earlier pair with one alternative (5)
10 Old fashioned member in position at Lords (6, 3)
11 Flirtation by daughter with union (9)
12 College window (5)
13 Operate with cast that's lazy (4-3)
15 Drink left to duck (4)
18 *Available* supply of amusement died (4)
20 Member of force who will never make general (7)
23 At 5 to 4 one is having a psychological advantage (3, 2)
24 Soldier defends valet (9)
26 Chance to keep off food during meal (9)
27 Ought wine producer to like sheep? (5)
28 *Connect some of counties* north of London (3)
29 Book 11 seconds (7, 4)

DOWN

1 Shut up in puffer going to part of Ireland (4, 4)
2 Banter expected from train enthusiast (8)
3 Blimey — soldier with a dog (5)
4 Activities in lodge made of stones (7)
5 Shrewdest airman has about-turn over exam (7)
6 Glass for beery crime squad (4, 2, 3)
7 Prince sounds in need of incentive (6)
8 Soldiers get severe wind up over feast (6)
14 Rod used to inflame boss in game (4, 5)
16 Unwavering attitude taken by company to one of its products (4, 4)
17 Apple that is orange in palace (8)
19 When to ride to hounds during heat of year (3, 4)
20 Gunman on track of athletes (7)
21 Set of teeth at fighting (6)
22 Hard always being in south-east (6)
25 Crowd took the wheel (5)

Solution to Puzzle No. 4,283



ENTERTAINMENT GUIDE

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Cinema/Cannes

People before politics

by NIGEL ANDREWS

Those visiting the graveside may deposit their bunch of flowers and bow their heads in two minutes' silence. The headstone reads, "In memory of political cinema, May, 1968 to May, 1980."

Kurosawa and Bob Fosse shared the Golden Palm this year for Best Film, but it was quite another phenomenon that took the eye at Cannes in 1980. No one could have expected a film festival stoked with new films from Godard, Resnais, Losey, Bellochio and others not to have sent up a few militant red flares into the sky, backed by the martial strains of the Internationale. But if Cannes 1980 proved anything, it was that the tub-thumping Marxism of European cinema in the late '60s and most of the '70s has well and truly retreated, and film-makers have started once again to take an interest in people rather than politics, in individual problems rather than collective panaceas.

There was even a transfigured hint of soap-opera that derided bastion of TV humanism, in film like Alain Resnais's *Mon Oncle d'Amerique* and Maurice Pialat's *Loulou*, two of the best in the competition. Each offers us a serpentine saga of human relationships and crises—slaloming in and out of love, pregnancy, job-hunting, illness—and yet lifts it above the platitudinous by a tart originality of treatment.

Resnais intertwines the tales of three French characters from different backgrounds—a young actress, a peasant who makes good, a bourgeois businessman—and shows how upbringing, conditioning and social reflexes mould their behaviour at every crisis point in their lives. It's like a laboratory experiment with human beings, and Resnais actually based his movie on the teachings of biologist Henri Laborit, who commentates and appears during the film.

It is easy to be taken aback by the rapid-fire didacticism that sometimes results: especially when Resnais cross-cuts Laborit's experiments with rats in a cage with scenes of Gerard Depardieu (the peasant) or Roger-Pierre (the businessman) coping with the rat-race of careerism. (To italicise the point he even gives them rats' heads in one scene.) But Resnais quickly converts the sceptic. For one thing the surreal intercutting is as witty and provoking as you would expect from the time-chopping director of *Last Year In Marienbad*. For another, far from using social and biological determinism to attack the notion of human free will *per se*, Resnais's point is that we should base that freedom on knowledge rather than hopeful ignorance, by learning just where and how our own psyches fight to limit our options.

Pialat's *Loulou* injects strength and novelty into the human flux of his story—a young girl (Isabelle Huppert) to's and fro's between two men, one her older three-year lover, the other (Depardieu again) a macho, bar-haunting layabout—by, unlike Resnais, offering no mental or moral gloss on the emotionalism. *Loulou* has the neutral immediacy of a newsreel. It's a dispatch from the front-line of the sex war, in which the last words are "*Je comprends rien*" and in which behavioural tics are writ fierce and large across a winding, vivid, Stygian backcloth of Paris life. It's a riveting picture of three human castaways, buffeted hither and thither by the uncharted currents of their own feelings.

Three other Cannes directors who cored their work for once of any overtly political centre were Godard, Bellochio and Mrnal Sen. Bellochio has moved from the revolutionary rallying-cries of earlier work like *In The Name of the Father* to the more humanist, if no less quirky and *agitato*, *Leap Into The Dark*. Michel Piccoli and Anouk Aime play a middle-aged brother and sister living in spinsterly domesticity in a gaunt Rome apartment. Into their lives one day jumps a Dionysian young actor (Michele Placido), who spirits Anouk out of her chaste resignation and into love and drives the jealous Piccoli into a despair that's part-puritanical, part-incestuous. fetaoin shrdlu cmfwyp vbgkqjm

By turns the movie seems like a modern-dress *Bacchae* — with Piccoli as Pentheus, fulminating against liberty in an apron—and a tragicomic renovation of Bellochio's debut portrait of family dementia, *Fists in the Pocket*. Either way it is a gem, flawlessly acted and with the dotty, scherzo-like rhythm that is uniquely Bellochio's.

Mrinal Sen's *Quiet Flows the Day from India*, is a feminist fgable-in-miniature about a middle-clas family, living in bedraggled gentility in a peeling Calcutta tenement. Emotional havoc is wrought one night when their oldest daughter and only breadwinner fails to return home. Has she been kidnapped? Murdered? Hhas she eloped? Sen watches the fears and feelings flicker across his characters' faces, and shows how puritanical tut-tutting and fear of penury mesh in an insidious clash of values. It's a slow, austere but compelling film.

Praise be that Jean-Luc Godard, who has spent the last 12 years shining a pocket torch down the cul-de-sacs of Maoist politics and TV visual experimentalism, has returned to the high road of feature film-making and even deigned to grace the Cannes Competition, which he helped to close during *les évènements de Mai '68*.

Praise be for that but not, alas, for the film itself. *Slow Motion* is a cryptic, blotchy movie whose star cast—including Nathalie Baye and the mooch through the familiar Godard *milieux* of prostitution, café colloquies, car rides and talk, talk, talk, without ever engaging with a discernible subject or with us. Let's hope Godard's next attempt to woo the Great Public is more ingratiating.

As film-makers on all sides at Cannes this year shunned the political arena, it was a perfect year for the Old Maestros to come trooping back and present their newest wares, heedless of whether or not they were ideologically *à la mode*.

A scene fgrom Kurosawa's 'Kagemusha'

Kurosawa's *Kagemusha* (*The Double*), co-winner of the Golden Palm, is the first film the Japanese director has made in his native country for ten years. Not for lack of ideas but for lack of finance. In these penurious days for Japanese cinema, it took Francis Coppola and George Lucas, no less, to secure backing for Kurosawa's $6m costume epic by arranging a worldwide distribution deal with Fox.

Well, here's the film and it's magnificent. Any fears of hardening artistic arteries in Japan's 70-year-old myth-maker are banished by the wondrous pictures that follow each other here like a magic-lantern glimpse into history. Shafts of dawn sunlight radiate like windmill sails through the flickering silhouettes of soldiers marching to war: a warrior group on a hillside bristle with spears like a startled porcupine: wounded horses and men roll in a slow-motion death-dance across a reeking battlefield.

Kurosawa doesn't engage the simple emotions as readily as some directors—this Machiavellian tale of a dying clan-leader's "double," picked to take his place after death, is typically aloof and labyrinthine—but he beguiles the mind and senses as richly as any.

Even including Federico Fellini. Fellini's work becomes ever more like a runaway circus caravan, that gathers extra weight and bric-a-brac as it snowballs along. *City of Women* presents us with a paper-thin fable labouring under a gigantic superstructure of Fellini flim-flammery. The movie looses a bewildered-loking Marcello Mastroianni into the wild and wicked world of Women: with first a visit to a bizarre Art Deco hotel where rampant Feminists storm and stomp, then a night in the lavish villa of an ageing Don Juan (Ettore Manni), who has filled his walls with erotic momentos and his saloons and corridors with the party-babble of beautiful women.

The film goes on and on and on; until you're half-deaf with dubbed Italian *fortissimos* and half-blind with Felini's try-anything visual fireworks. (We even have a trip down a fantasy helter-skelter followed by an ascent in a balloon shaped like a giant nude.) Whatever happened to that poet's-magic that gave *Roma* and *Amarcord*—for all their free flow of visual splendour—an inner harmony, a sense of shadows and mystery, that are totally missing here?

The American entries at Cannes, including Bob Fosses' *All That Jazz* which shared the Grand Prix, will soon be opening in London. More of them later: except to note that the best of the bunch *pace* the Cannes Jury, was Samuel Fuller's *The Big Red One*, a stirring piece of slam-bang war-movie primitism from Hollywood's veteran independent. They don't make films like this any more and one sometimes wishes they would try.

Finally, on the festival fringes, one movie that some enterprising British distributor should dig deep into his pockets to buy. It's Joseph Losey's *Don Giovanni* and it is the opera-movie *par excellence*: a baroque, springy, fabulously inventive version of Mozart shot in lush Italian locations (Palladian villas, Venetian canals) and boasting a starry cast including Kiri Te Kanawa, Teresa Berganza and Ruggero Raimondi. The perennial horrors of opera-on-screen, from poor lip synching to unwanted close-ups of quaking tonsils, are here cured by free-flowing camerawork, fine acting and visual images as strong and beautiful as the music itself.

ICA/Soho Poly

Lunchtime theatre

by MICHAEL COVENEY

Two very different aspects of lunchtime theatre were on view in London this week: the job done at the basement of fringe activity in encouraging new groups, and the mundane chore of keeping a respectable venue, the Soho Poly, ticking over with work less than good but more than promising. The new group at the ICA is Beryl and the Perils, an enormously energetic feminist co-operative using cartoon techniques to bang home a message that is normally the preserve of high-minded and down-in-the-mouth companies.

Although Beryl and her chums are allegedly in space, *Wot's Cooking* is the familiar *mélange* of feminist anti-feminity, with its sideswipes at women's domestic role, maternal functions and ideals of beauty. Four girls in plastic jump-suits squeeze spots, don derisive wedding tutus and, somewhat spuriously, portray gynaecological treatment in hospitals as another symptom of male chauvinistic sexuality. I just do not understand the feminist loathing of social and bodily functions most unliberated women accept and even enjoy. The weakness in partial views of liberation is that they are politicaly naive and inevitably smug. If men control the despised professions, surely women are lucky to be out of the rat-race and free to contribute in others ways. Only actresses on Arts Council grants can afford the luxury of holding their fellow women in contempt.

That said, Beryl and the Perils are an invigorating new force and deserve better material and the attentions of a director who will force them to think their material through and not sit back playing to friends and converts in perpetuity. Their singing is marvellous and they have a freshness and spontaneity woefully lacking on the fringe in general.

Spontaneity is not the word that springs to mind in considering Timberlake Wertenbaker's *Case to Answer* at the Soho Poly. At a length of one hour, Liane Aukin's production is 20 minutes too long, lacking in dramatic surprise and curiously predictable. Again, Miss Wertenbaker's play is a feminist tract, but one that at least places the value of personal doubt above that of a rigidly theoretical view of the world. That, in fact, is the central tension between Sean Barrett and Fiona Walker, who play—very well—a Marxist intellectual with his head in his Gramsci and a frustrated architect who, after five years of marriage, has decided to take action against a sustained but unwittingly inflicted term of sexual imperialism. The writing combines felicitousness and contrived argument in about equal proportions and the whole is contained within the strategy convention of a murder attempt.

Theatre Royal, Bath

Il barbiere di Siviglia

by MAX LOPPERT

For its opera presentation the Bath Festival again turned to the Royal Northern College of Music, this time for the production of Paisiello's *Barbiere*—the "other," earlier *Barber*—reviewed in these pages by Elizabeth Forbes after the Manchester premiere last December. In festival terms, the venture was justified as an interesting historical exercise, perhaps less so as a fully rounded performance—while the College is one of the most advanced of our opera schools, the proper stylistic guidance, of the kind greatly desirable in steering students through the trap-bestrewn field of 18th century operatic comedy, was felt to be intermittently lacking.

A brilliantly ingenious revolve set had been designed by John Pascoe; but the young cast were made to work rather hard in mastering its twists and turns, and this, in conjunction with the primping, smirking turns which the producer Malcolm Fraser had invited his players to essay, left a slight feeling of inexactly applied energy. The opera was given in the original Italian; as the story is widely familiar this was perhaps less deleterious than in most operatic comedies, but it can hardly be claimed that the delivery was either polished or idiomatic.

There must be a good deal of resilient and attractive essential substance in the opera, because despite the above qualifications, Monday's performance afforded an enjoyable evening—one quite soon stopped hankering after the greater instrumental brilliance, the pithier melodic vitality, the sheer comic verve, of Rossini, and began to attend with increasing pleasure to Paisiello's own small but definite musical invention. The arias in semi-serious vein, notably Rosina's E flat caratina at the close of the first act, are both elegant and poignant in expression—people who know only the busy chatter of *La serva padrona* might be surprised at this side of Paisiello's talent. It was in the slower passages of the opera, when the need to hold his singers together was less pressing, that the student orchestra under David Jordan showed its best quality. A word, too, for the pretty, sweet-toned Rosina of Alison Barlow; the voice still wants smoothing and evening out along its range, but the promise is real.

Arts Council drama advisory panel

The Arts Council has appointed a new chairman and six new members of its dance advisory panel. Noël Goodwin, the writer and broadcaster and member of the council, has been chairman.

The new members are John Chapman, David Dougill, Gale Zow, Linda Robinson, Antoinette Sibley, and Anthony Van Laast.

Continuing to serve on the panel are John Drummond, Margaret Dunn, Stuart Hopps, Jan Murray and Annette Page.

Cinema/London

White sunset, red dawn

A Slave of Love (A) — Gate 2
King of the Gypsies (AA) — Plaza 2
The Wanderers (X) — ABC 1 Shaftesbury Avenue
Hide in Plain Sight (A) — Ritz

Some "new dawns" are better forgotten than remembered, let alone regularly celebrated. The Russian Revolution, you might think, is one such: a moment of historical spasm when an entire population was tossed out of the Tsarist frying-pan into the Communist fire, where they are sizzling unhappily to this day.

Nikita Mikhalkov's *A Slave of Love* is one of those teasers for a critic: a delightful movie with a detestable message. Here you may see in honeyed, halcyon colours the last twitchings of Tsarist "dilettantism" as we watch a movie cast and crew sweating out an Indian summer in the Crimea during fateful 1917. Olga, the beautiful star (Elena Solovey), wants only to hotfoot it to Paris once the film is wrapped, as the news of the Revolution filters ominously south. But cameraman Potosky (Rodion Nakhapetov) is busy both courting and politicising her. Will the secret footage he has shot on stolen stock depicting White Guard barbarities be enough to rally her to the Bolshevik cause?

Heigh-ho, the summer-pretty photography, quicksilver editing and winning comic ways lead us down a honeysuckle path toward the Hammer and Sickle. In fairness Mikhalkov and his scriptwriters, Friedrich Gorenstein and Andrei Mikhalkov-Konchalovsky, have bent over backwards, or at least sideways, to sketch these Tsarist relics of movie-making humanity with sympathy: "Children forgotten in the nursery while the house is on fire," someone says. And there's a neatly played-up parallel between the semaphored absurdities of popular silent cinema, with their moustachioed villains and pop-eyed damsels-in-distress, and the illusionistic lives of characters hoping that the pre-Bolshevik summer will never end.

But has 60 years of Soviet Communism, in the foul reality rather than the fair promise, taught Russian movie-makers nothing? Doubtless it has, but the Party puts a discreet gag on any attempt to disseminate such lessons. *Slave of Love* is a clever film, with colour, irony, fun and a Chekhovian sense of bitter-sweet hopes. It has at least the virtue of showing that Russia can put together a watchable movie when it wants. (As opposed to only when it doesn't want, as with Tarkovsky and Paradjanov.) But it's a brittle, thin-ice charm the film boasts. If you skate with sharp blades too near the centre, the structure can collapse and plunge you in the icy disenchanting waters of historical reality.

★

Glory be, what's this? Shelley Winters as a Gypsy mama? All in brown-face and hustling her husband Sterling Hayden from a fracas in a Romany encampment? And who's that as her pudgy - pretty, smouldering granddaughter? Isn't it Brooke (*Pretty Baby*) Shields?

In *King of the Gypsies* the irresistible force of Hollywood plagiarism meets the immovable object of a miscast cast and a script firing on few or no cylinders. Shamelessly ripping off *The Godfather*, this torturous tale of patriarchal clans and bloody vendettas flounders across America from state to state, imbroglio to imbroglio as dying Gypsy "King" Hayden tries to steady his tribe and prepare for the succession. The reluctant heir is his grandson (Eric Roberts), a handsome, street-wise youth anxiously trying to de-gypsyise himself and adjust to life in the 1980s. But he reckons without Grandpa's growing persuasiveness, cursing the hospital drip-feed as he blesses and belabours his grandson; or mother Susan Sarandon, trying to hold the family together while cutting a demented caper with her Gypsy accent.

Writer-director Frank Pierson, last-heard-of policing Barbra Streisand and a cast of hundreds through *A Star is Born*, is up against it again here. The plot lacks focus, the dialogue lacks conviction and the hero lacks magnetism. Travolta, one hears, was originally wooed for the role and might have given the movie a centrifugal magic. As it is, almost the only unifying motif in this narrative sprawl is the

Elena Solovey in 'A Slave of Love'

Gypsy fiddler who pops up ever and anon to bow his way across the skyline, like Stephan Grapelli silhouette-drawn by Lotte Reininger. Elsewhere, a turgid havoc reigns and plausibility is butchered to make a Romany holiday.

★

The Wanderers, set in 1963 New York gang-land, is scarcely less shaky and shell-shocked a panorama of American life. But at least director Philip Kaufman, who made *Invasion of the Body Snatchers*, has picked up one or two scenes by the scruff of their necks and woken them into sudden, brilliant sense. Just when the film starts drifting into the inanely formulaic—a cross between *The Warriors* and *American Graffiti*, with *corps de ballet* gang-warfare jostling with loose and homey vignettes of teenage life—Kaufman spirits up a streamlined nightmare. One gang, yclept the "Ducky Boys," are a spine-chilling corpus of proto-punk zombies, dwelling under the El in mist-swathed immobility and spelling quiet doom for any rival gangs who stray into their territory.

Mostly, however, we're stuck with the Baldies and the Wanderers. By their hair ye shall know them. The first don't have any; the second wear theirs quiffed and duck-tailed and thick with grease. As the two gangs stomp and stret through the Bronx streets, sparring whenever their paths cross, the soundtrack croons with the inevitable medley of period pop songs and Male Chauvinism walks tall in the pre-Women's-Lib dawn. (Indeed the only girl not kept firmly off the streets is the Chief Baldie's *amour*, a pint-sized moll who squawks heavy-duty obscenities and looks her lover squarely in the navel).

This is film-making by numbers: coloured in with little bits of yesteryear's movie chart-makers—here a dab of no. 1, there a patch of no. 3—and building up a piebald collage of celluloid borrowings. With, as intimated above, just a scene or two to suggest that Philip Kaufman can, when he wants, create his own wizardry rather than relying on that of others.

★

It really is a week for May-We - Borrow - Your-Movie-Ideas. *Hide In Plain Sight* was for aught I know conceived before, or simultaneously with, *Kramer Vs. Kramer*. But it certainly walks and talks like that movie, as if cloned from the cash-register-tinkling triumph of that paean to father-child devotion.

James Caan replaces Dustin Hoffman as the distrait paterfamilias, here striving to retrieve his two children who have vanished with their re-married mother Incognito into the belly of America. Caan's ex-wife's new husband, you must understand, is a hoodlum who turned state's evidence against his Mafia contacts and has been put on a "Witness Relocation Programme": i.e. given the protection of a new job and new identity in a place that the police will not reveal.

Caan not only plays the questing father, sleuthing through Albuquerque to Ann Arbor, but also directed the film. It see-saws between bright ideas and tousled indistinction. Caan's acting manner, that dithery naturalism with a grin like a nervous tic, rubs off too often on the filming style: a grainy, ingratiating *verismo* without shape and tightness. But one or two scenes suggest he has profitably sat at the feet of masters—notably Hitchcock in a wonderful *diminuendo* track-back from a quarrel on a sidewalk—and suddenly in these the tension gells, the tale's genuine offbeat fascination (it's based on a true event) casts its spell.

NIGER ANDREWS

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Crowding out new issues

THE GROWING evidence of an acute squeeze on corporate profits, and a consequent sharp fall in industrial investment, is in principle no surprise to the Government. The strategy of relying on monetary restraint to check inflation always implied this result if, as happened in the event, industry proved unable to constrain its own costs within the permitted monetary growth. Indeed, it is the pressure on profits which is likely to force industry to face the challenge on costs if it is to survive. This is not a safe or comfortable approach, but the policy is *clearly biting.*

Unintended

However, sheer persistence is only one of the necessary ingredients in successful economic management, and recent evidence from industrial surveys and forecasts suggests that the Government's policy could prove destructively harsh. This is partly, indeed quite largely due, to mistakes the Government itself has made. Income tax cuts financed through higher indirect taxes and public sector charges have helped to increase cost pressures, and the explosive rise in public sector pay has done further damage. The inflation rate, and, therefore, interest rates, are far higher than the Government can have imagined when it embarked on its present strategy, and as a paradoxical result, sterling has appreciated strongly. The pressures of foreign competition and the high cost of credit have caught manufacturing industry in a ferocious squeeze.

The Government must therefore ask itself how it can contrive some easing of these pressures without abandoning its central policy—for if monetary policy itself were relaxed to accommodate the follies of the past eighteen months, its influence for the future would largely be destroyed.

While spending cuts and public pay restraint will help, it will be many months before these will offer any perceptible relief. For the short term, the question becomes a technical one of the means by which monetary control is being imposed. There is now widespread criticism in the City of two aspects of official monetary tactics: excessive caution over interest rates, and the continued crowding out of the London capital markets by the Government's own debt issues.

The two problems are inextricably related. The official reason for caution about short-term interest rates is the high level of bank lending to the private sector. Equally, it is to offset this lending that the Government has been *funding* well in excess of its own borrowing requirement, to the point where it has repaid virtually all official bank debt and is feeding the proceeds of funding back to the banks to finance private lending.

Arguments about cause and effect in the financial markets tend to be insoluble. The authorities see themselves as funding to offset private borrowing; their critics argue that the *level of bank borrowing is the* result of financial pressure by the authorities. It is for this reason that policy is directed to net rather than gross measures—the growth of the total sterling money supply and of domestic credit. On these tests monetary discipline is now fully effective.

There should be scope, then, for some effort to reduce the pressures. Two approaches are often urged: to reduce short-term rates directly, easing the pressure on the exchange rate and the cost of overdraft service; or to reduce funding pressure, allowing longer-term rates to find a lower level, in an effort to reopen long-term capital markets to industrial borrowers.

Revival

We have little doubt that the most urgent priority is to reduce crowding out in the capital markets. Credit is now tightly enough restrained to permit an experiment, at least, in not counting private borrowing before it is hatched. In any case, a monetary policy designed to prevent the distress borrowing which marks the onset of recession is unnecessarily destructive. Long-term issues should above all be avoided—especially since the fiscal problem is essentially transitional, covering the period while oil revenues build up. Issues, such as the most recent tap stock, aimed at non-institutional buyers, would also help. The nationalised industries should be allowed the commercial freedom to devise new types of security which might reduce pressure in the fixed-interest market, and corporate borrowers should also be allowed freedom to innovate. In the end it is a revival of long-term corporate finance which offers the best hope of easing the demand for bank funds and allowing rates to fall naturally and safely.

Talking to the Soviet Union

THE Soviet Union, in the view of most Western analysts, made a number of miscalculations when it invaded Afghanistan. One of them was that the volume of international protest would not be too great and would, in any case, soon die down. On the (false) analogies of Hungary in 1956 and Czechoslovakia in 1968 it thought that after the initial shock relations with the West would quickly get back to business as usual.

Sanctions

On the first point, the Western assessment is probably right. The strength of the immediate reaction, not only in the West but in the Third World, may well have taken the Kremlin by surprise. Now, however, five months after the event, the Soviet leaders may well be beginning to think they were right in assuming that the hue and cry would *dissipate fairly rapidly.* The Olympic boycott has failed to reduce the Moscow games to a Communist Spartakiad. American economic sanctions are unlikely to have a major impact, the Islamic world's attention is reverting to its more traditional preoccupations in the Middle East (Israel and the Palestinians) and the countries of South West Asia have not rushed into the embrace of the West—far from it.

The assumption that business would soon revert to its usual pattern has been fortified by a renewal of high-level contacts with the West. The most spectacular of these has been President Giscard d'Estaing's secretly prepared visit to Warsaw to meet President Brezhnev. But that followed talks in Vienna between Mr. Edmund Muskie, the new U.S. Secretary of State, and Mr. Andrei Gromyko, the Soviet Foreign Minister. Now, Chancellor Helmut Schmidt has officially confirmed plans to visit Moscow at the end of June.

It must be tempting for the Soviet leadership to conclude that the worst is now over. Not only have contacts resumed, but they have done so against a background of increasingly obvious divisions inside the Western Alliance. The differences have arisen not only on specific issues like the Olympics and Iranian sanctions. They have also involved the wider question of how the Allies should deal with the Soviet Union and Eastern Europe and to what extent they should consult before taking individual East-West initiatives. M. Giscard d'Estaing's ill-considered trip to Warsaw, which achieved only propaganda gains for Moscow, did more than anything else to highlight these divisions.

*Moscow will be making a mis*take, however, if it regards Herr Schmidt's visit as further evidence of Allied disarray. Unlike M. Giscard d'Estaing, Herr Schmidt has consulted fully with his Allies and has timed his visit to follow next month's seven-nation Western summit in Venice. It is to be hoped that the Venice talks will serve two purposes. Herr Schmidt will have the chance to listen to the latest views of his major Allies; they, in turn, should appreciate Herr Schmidt's need to defend West Germany's particular interests and his right to conduct an Ostpolitik.

Arms control

Herr Schmidt will doubtless come under attack from the opposition in West Germany if he returns from Moscow with no concrete achievements. But there should be no question of the West trading moves towards an Afghan settlement against concessions in other areas such as arms control.

The main purpose of Herr Schmidt's trip should be twofold. In the first place, contacts, however frosty, can help to reduce the risk of mutual misunderstanding at a dangerous juncture. In the second, he will have the chance to demonstrate to the Soviet Union that Western solidarity is greater than they may think. In his own country, Herr Schmidt has been vigorously defending himself against accusations that he is appeasing the Soviet Union, allowing himself to be separated from the Americans and weakening in his commitment to the Allied decision to strengthen its nuclear firepower in Europe. It will be useful if he can convey the same message, in person, to Mr. Brezhnev.

South Africa's cauldron gets up steam

BY QUENTIN PEEL, Johannesburg Correspondent

"WE REALLY owe the Government a debt of gratitude," the young Coloured graduate said. "They have given us a solidarity which we have *never had before.* There is an upsurge of self-confidence throughout the community which involves everyone: school children, parents, teachers and workers."

The events of the past few weeks in South Africa give one an oppressive feeling: the bloody events of Soweto in June 1976 seem to be happening again. Tens of thousands of school children, Coloured, black and Asian, are refusing to attend *their classes. Belatedly, the* authorities admit that there may have been some short-comings. The protest inexorably builds up from education issues to the whole question of political rights. There are sporadic clashes between children and riot police. Government spokes*men insist* that everything is normal . . . no need to panic. Then two children are shot dead by police, supposedly in self-defence.

Mr. Louis Le Grange, the debonair Minister of Police, declared at the beginning of this week that "apart from attempts to stage boycotts, and boycotting as such, and looting in some . . . areas, the general situation in South Africa can be described as normal." On the same day, two bishops and 51 fellow clergymen were arrested by riot police, and gaoled overnight, for marching through Johannesburg in protest against the detention of a fellow church leader—a known moderate and prominent parent in the city's Coloured (mixed race) community.

"We have always had crises, but I think we are very quickly reaching a crunch point," Bishop Desmond Tutu, General Secretary of the South African Council of Churches, said on his release. The Rev. Sam Buti, a leader of the African section of the Dutch Reformed Church, spoke of a "volcanic situation."

Comparisons with the situation before the Soweto riots are inevitable. As they then did, the protests began in the schools and spread. The underlying issues are very much the same: inferior education, lack of facilities, bad teaching, racial discrimination, uncaring officialdom, police brutality, and the denial of a political voice to all but whites. The rhetoric is similar. As in 1976, parents seek to restrain their children, *but complain they are not told* what the youngsters are planning. The Government seems lost for ay response other than repression: tear gas, batons, mass arrests.

Yet there are major differences between the Soweto and the latest round of protests. In the first place, the action has been noticeably less violent and more disciplined. The Government response has been far more cautious and restrained. There has been considerable co-operation between Africans, Coloureds and Asians, and much wider support for the children from the older generations within their own communities. Moreover the spreading school boycott has coincided with a wave of illegal strikes among rural and industrial workers.

The major underlying difference is that the latest revolt began in the Coloured community, not the African. South Africa's 2.7m so-called Coloureds —a description that is widely resented—are an extraordinary racial mixture of European, *Malay, Hottentot and African* descent, who have always been caught in the middle of the polarisation between black and white.

Granted special privileges by the ruling white minority—better housing, jobs, and a modicum (purely advisory) of political say-so—they have been generally rejected by the Africans.

Yet in spite of sharing the Afrikaans language and culture, they are excluded from any genuine access to white privilege.

The Government's obsession with ethnic classification, and its laws against mixed marriages and sex across the colour bar, are seen by the Coloured people as an insult to their own origin. Moreover, they have been more drastically affected than any group by the racial segregation of residential areas, which has meant mass removals from inner city suburbs to far-flung Coloured townships.

> "We are quickly reaching a crunch point."
> Bishop Desmond Tutu

In spite of such obvious discrimination, the Coloured community has been traditionally conservative and docile. In 1976, most of the disturbances occurred in black townships, except in the Cape, where Coloured youngsters took to the streets in sympathy. But there has undoubtedly been a growing alienation, especially among the younger generation of Coloureds. "We have waited to see if the Government would keep its promises, and give us a better share and a real political say. Now we realise they were just playing around with us," a local Coloured politician says.

The Government has been repeatedly warned of the growing alienation of the Coloured community. In 1976, the Theron commission concluded that the vast and effective majority of Coloured people were not satisfied with their political representation. It referred to a "considerable degree of bitterness." Only three months ago, the Cillie commission of inquiry into the Soweto riots reported that a large part of the community believed that "separate development is the greatest cause of discrimination," and that racial classification was degrading."

However, even in their demonstrations, the Coloured children have been more cautious, and more disciplined, than their African counterparts. "Thank goodness there has not been more action in Soweto," a teacher said. "The black children would have no scruples about burning down their schools, which then invites police retaliation." For the most part, the protest has been scrupulously non-violent.

The fact that it is dealing with the Coloured community is also a partial explanation for the Government's hesitancy. The ruling National Party has never quite known how to deal with the Coloured community, perhaps because they qualify in all but colour to be full members of the Afrikaner *volk* (people). Their exclusion therefore underlines the blatantly racial element of National Party policy. The Coloured people do not fit neatly into the separate development framework, yet their support is needed if the white man is to remain effectively in control of South Africa's destiny.

The present debate within the Government about the future *direction of South Africa*— —whether to pursue the apartheid line rigidly, or to try to apply it more flexibly, and allow some degree of consultation, or even negotiation, across the colour bar—has created further uncertainty about precisely how to deal with the unrest.

Mr. Le Grange himself admitted that his action in ordering widespread detentions of community leaders and political activists, was a "calculated risk"—*hardly the sort of* confident mood in which the police retaliated in Soweto. The uncertainty is in sharp contrast with the growing self-confidence of the black communities, where headmasters have flatly refused to expel their pupils, and parents' meetings in all the major centres have pledged support to their children.

The protest has revealed a growing degree of co-operation, both between pupils and other *groups, and between different* ethnic groups. How firm it is, is more difficult to gauge. At the university level there has been similar action at African, Indian and Coloured institutions, resulting in the closure of both Fort Hare, the premier black university, and the (Indian) University of Durban-Westville. Black schools in Cape Town came out in sympathy with the Coloured boycott from the start, as they have also in Port Elizabeth. So far, the Soweto schools have held back, in spite of considerable pressures to join in.

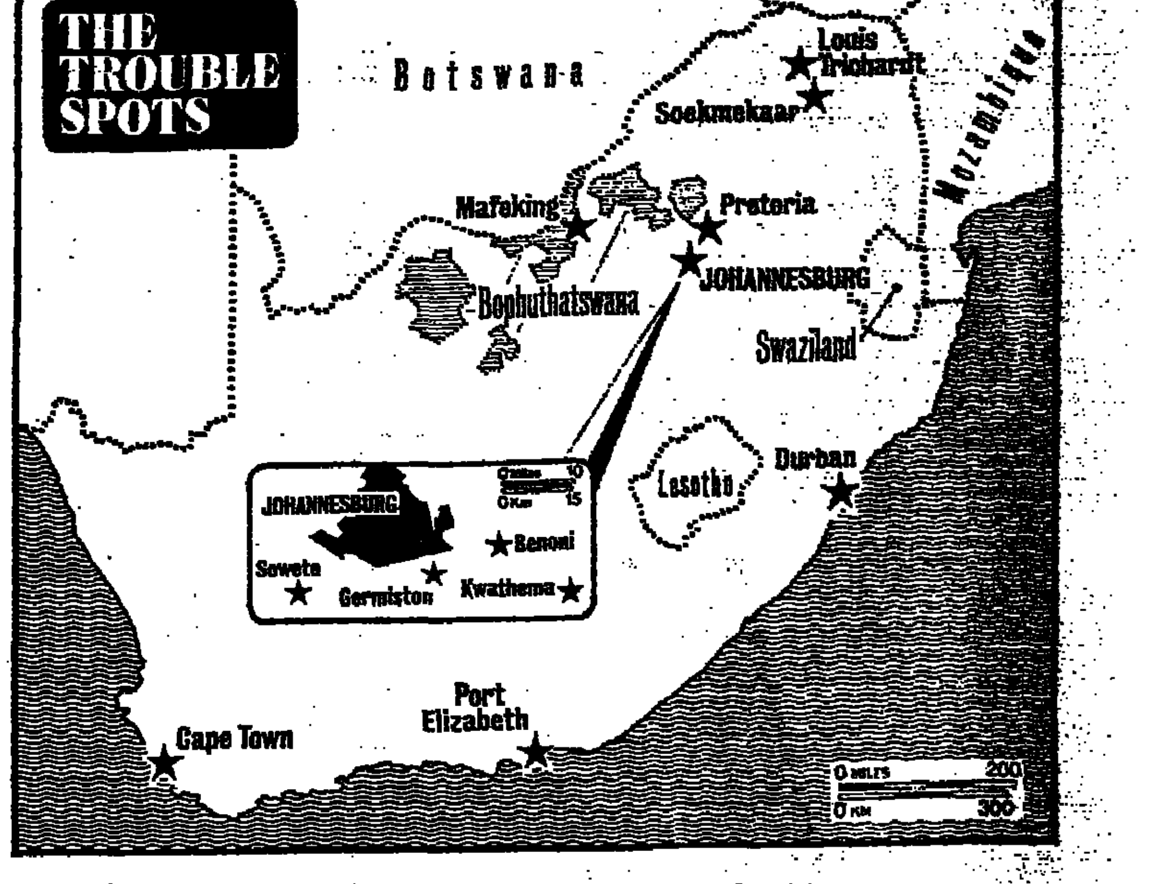
In the Cape, the schools boycott has coincided with an unusual degree of industrial *unrest, not only against poor* wages, but over more overtly political issues, such as trade union recognition. The latest strike, of some 800 workers in the meat-packing industry, attracted support from the students, who have pledged their assistance in organising a red meat boycott in both black and Coloured communities. "We must not allow our action to become isolated in the schools," according to a pupils' *manifesto.*

Firm evidence of collaboration across ethnic lines, or a student hand in industrial unrest, would be most likely to invite a drastic Government clampdown. Government spokesmen have also been quick to play up allegations of agitation, particularly by banned political organisations like the African National Congress, although the detainees have generally been known political figures of more moderate persuasions. The influence of the exiled movements seems to be psychological rather than practical.

Ironically, the existence of exiled movements—the ANC, the Pan-African Congress (PAC), and the Black Consciousness Movement—has perhaps been more significant in preventing more widespread protest action. "There is a growing number of Soweto students who believe the only answer is to leave the country and undergo military training," according to Mr. Fanyana Mazibuko, a leading black educationist. "They no longer see any point in peaceful demonstrations. That is just giving the police cannon fodder." Certainly it has generally been those areas not frequently involved in unrest which have joined in the latest movement —such as Bloemfontein and Durban.

There is growing concern in the business community, especially among foreign investors, about the resurgence of unrest. It is seen as a response both to the more conciliatory tone adopted by Mr. P. W. Botha, the Prime Minister, which has raised expectations and to the victory of Mr. Robert Mugabe in Zimbabwe. As such it raises the prospect that the liberalisation wanted by the business community—if only to overcome such economic bottlenecks as the skilled labour shortage—will only arouse ever higher expectations.

That the disturbances have come at a time when the economy is starting to accelerate rapidly on the back of the gold boom is another indication that prosperity, not poverty, is likely to be the destabilising factor in South Africa. At least for the time being, the prospects of a good return on capital invested *in South Africa* are likely to outweigh any renewed nervousness in the investing community. Only yesterday did the stock market show any reaction to the unrest. But it will provide a major test for the ability of Mr. Botha, not only to hold his own party together, but also to win any measure of support from the other communities on the latest indications, he seems to be failing to keep up.



FOUR YEARS OF TROUBLE

JUNE 16, 1976-JUNE 1977: Riots in Soweto and black townships throughout South Africa. Boycotting of black schools.

NOVEMBER 30, 1976: Two policemen injured in grenade attack, Eastern Transvaal.

JANUARY 1, 1977: One killed in Soweto bomb explosion.

JUNE 13, 1977: Two whites killed in Johannesburg shooting.

SEPTEMBER 9, 1977: Black security policeman shot in Durban.

SEPTEMBER 12, 1977: Death in detention of Steve Biko, Black Consciousness leader. Renewed demonstrations.

SEPTEMBER 28, 1977: Two guerrillas captured near Mafeking. Large arms cache discovered.

OCTOBER 19, 1977: Mass detentions of black leaders and banning of two newspapers and 18 black consciousness organisations.

NOVEMBER 25, 1977: Bomb blast in Carlton shopping centre, Johannesburg.

NOVEMBER 30, 1977: Bomb explosion on Pretoria train.

DECEMBER 12, 1977: Germiston police station bombed.

DECEMBER 14, 1977: Bomb at Benoni railway station.

FEBRUARY 1978: Two police killed in clash near Swazi border.

MARCH 9, 1978: Bomber kills himself in Port Elizabeth.

MARCH 10: 1978: Woman killed in Port Elizabeth bomb blast.

AUGUST 1, 1978: Police clash with guerrilla group, arms cache discovered.

OCTOBER 27, 1978: Two guerrillas killed in gun battle in Bophuthatswana.

OCTOBER 30, 1978: Police sergeant wounded in gun battle west of Louis Trichardt.

DECEMBER 7, 1978: Bomb blast at urban Bantu council chambers, Soweto.

DECEMBER 16, 1978: Bomb blast on Eastern Cape rail line.

JANUARY 13, 1979: Guerrilla killed in gun battle with police near Botswana border.

MAY 3, 1979: Policeman killed in guerrilla attack on *Moroka Police Station, Soweto.*

MAY 15, 1979: Bomb explodes in Cape Town Supreme Court.

NOVEMBER 2, 1979: Policeman killed in attack on Orlando Police Station, Soweto.

JANUARY 4, 1980: Attack on Soekmekaar police station, Northern Transvaal.

JANUARY 25, 1980: Two hostages die after gunmen occupy bank in Silverton, Pretoria.

FEBRUARY 17, 1980: Attack on store near Mozambique border, Natal.

MARCH 6: 1980: Major arms cache found in Kwathema township, Springs, including rocket launchers.

APRIL 4, 1980: Attack on Booysens Police Station, Johannesburg.

APRIL 1980: Coloured pupils' school boycott begins in Cape Town.

MEN AND MATTERS

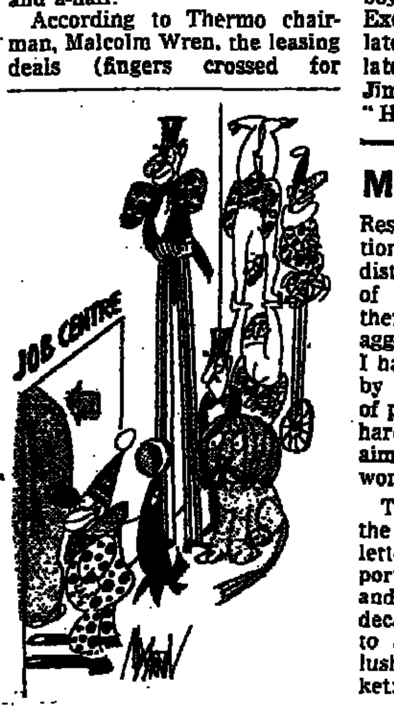
Merger uplift for Skyships

The uncertain fortunes of Thermo-Skyships, the publicly-quoted company which aims to bring back the age of travel by dirigible, were given a modest lift yesterday afternoon by the purchase for around £1m of Airship Developments.

Wafted precariously into a Stock Exchange float on the dying breaths of 1979, Thermo is still three years away from the launch of its first passenger-carrying balloon. Its new acquisition, however, expects to have the first of a series of three vessels aloft next March. These will be leased to the British, Japanese and Australian Governments.

As floating watch-towers, they *have obvious military uses, but* Australia is particularly interested in using them for bush fire and flood observation and relief. As Airship's managing director Andrew Millar tells me, a helicopter can hover for five hours at the most, while a reliable airship can keep station comfortably for a day and a-half.

According to Thermo chairman, Malcolm Wren, the leasing deals (fingers crossed for follow-up sales) mean the group will be earning revenue three years earlier than predicted when the parent was floated last December. But with development costs for Thermo's passenger airship running at £30m, the income is hardly likely to yield enough for dividends, and a financial com*munity that tries to keep its* feet on the ground seems unlikely to jettison the remnants of its scepticism, at least until faithful long-time backer European Ferries takes up its options on (and first passengers in Major Wren's inflated dream-boat.



Old pals' party

Who do people think they are? I asked myself, finding the door to my local winery locked in my face an hour and a-half before normal closing time last night. Pressing my out-of-joint nose to the smoked glass of the Balls Brothers establishment in St. Paul's Churchyard I boggled at ehe sight of forty-odd former Slater-Walker employees revelling in Riesling. It was an old-boys' reunion, I was told tersely. Exclusive. Yes, Dick Tarling, late of Changi Jail was expected later. No, children's story-writer *Jim Slater was not coming:* "He doesn't approve."

Mine's a half

Restrictions on drinks promotion have evidently left many distillers with large quantities of pent-up fighting spirit on their hands: one of the most aggressive pieces of marketing I have seen is a folder prepared by Seagrams for the edification of publicans in East Anglia. The hard sell is applied to a drink aimed specifically at young women.

The new tincture, declares the company, in large red letters, is "the single most important event in the UK wines and spirits market in the last decade." Landlords are treated to a gleeful ramble round the lush pastures of the youth market: 8m youngsters between 18 and 24 spend more time in pubs, in discos and at parties than any other age group. Ergo "8m of them are spending more money on drink than any other age group."

Focussing on the females, it is pointed out that girls in the target age-group consume 4,500m drinks every year, and are the most impressed by something new. Landlords are advised on methods of weaning spendthrift young womanhood off boring old wine and vodka onto the new tipple, Crocodillo, with its "expensively researched", sparkling contents.

The advertising campaign, starting next month, is purportedly the biggest alcoholic drink promotion ever mounted. It will expose 95 per cent of this age group to the commercials at least 31 times. Quite how all this fits in with the drinks industry's solemn sober face when alcoholism among the young is discussed, I am not sure.

Staying at No. 1

Hopes that possibly the most prestigious business address in the world — 1, Wall Street — might become vacant have been dashed by news that its occu*pant, the Irving Trust Bank,* intends to hang on to it. Irving Trust was known to have outgrown the building and to be planning a new corporate headquarters. But it has now announced that it will keep 1, Wall Street as its executive base.

The building stands on the corner with Lower Broadway, a tall grey stone structure whose somewhat austere appearance belies a fine 1920s interior. *Quite what it would fetch if it* were sold is anybody's guess. It is assessed for tax purposes at $36m. If two or three parties were bidding for it, it could, according to New York real estate agents, fetch twice that. Despite its address, however, it is no longer quite at the heart of the action. There has been a distinct shift among the great business institutions towards mid-town Manhattan. "It's only really Morgan and Chase who are still on Wall Street," observed one agent.

Pauper's burial

While it is always exciting when a company goes bust with an almighty bang, allow me a *few lines* to record the low-decibel demise of a firm which was laid to rest this week with the quietest whimper in my experience.

I have before me the death certificate of Richmond Fine Arts and Ceramics, signed by the official receiver, which includes a bill for the Treasury to cover the cost of the last rites.

These cost him a grand total of £83; half disbursed to auditor, valuer, other attendants at the funeral and publishers of the official obituary, with the other half shared among the company's 87 creditors. Cash in hand: £1. Net cost to the taxpayer: £82.

Thieves' rights

A curious proposal for beating inflation in Turkey has been suggested by Fehim Adak, a former minister of trade and MP fo rthe pro-Islamic National Salvation Party.

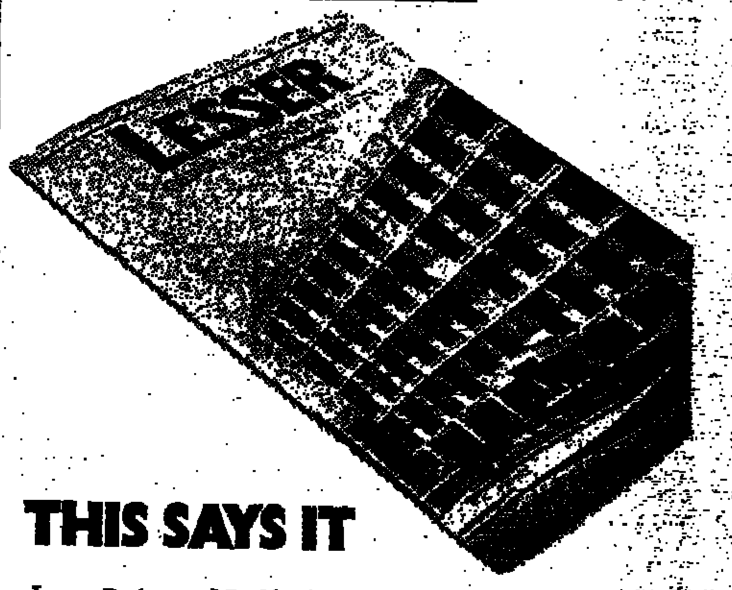
Speaking at a seminar organised by the Association for Protecting the Rights of All Civil Servants, Adak is quoted as saying that taxes make production more expensive, and the burden is carried by low income groups. "Theft under these conditions is legitimate," feels the ex-minister, "on condition that it is moderate."

Dish-appointment

Girl overheard in City wine-bar: "Honestly, Angela, it's no fun at all being married. You make the bed and do the washing-up—and a fortnight later you have to do it all over again."

Observer

THERE'S A LOT TO BE SAID FOR AN ARCHITECT WHO CAN BUILD



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هكذا من الأصل

DEFENCE TECHNOLOGY

BY DAVID FISHLOCK

When the dark is light enough to sense an enemy

IT COSTS £340 to fire a smoke shell from the Army's new gun, the Anglo-German-Italian SP70 howitzer, according to the Ministry of Defence. The price reflects the sophistication and speed with which the Army needs to be able to cover its tracks with dense smoke. This in turn reflects the efficiency with which the latest aids to man's vision can penetrate smoke, fog or night conditions.

On Portsdown Hill above Portsmouth a big infra-red camera developed by defence scientists, peers seawards at distant ships in the Solent. The scene is displayed on a TV screen. Not only can the viewer see the vessels clearly at night, when shrouded in smoke or fog, by the heat they reflect, he can view things one would not normally see even in daylight, such as how full fuel tanks are and how much ammunition is left.

The complex military systems and man-machine relationships which have been explored in two previous articles on new defence technology, depend critically upon the performance of sensors—electronic extensions of man's own capability for seeing, hearing or sniffing the enemy. Sensors themselves, such as infra-red cameras and tracking radars, are becoming very complex engineering systems for detecting and following a target, then directing the weapons. At the same time they must resist any attempt by the enemy to confuse by electronic counter-measures. Indeed, so complicated have these systems become that a serious bottleneck in weapons systems development today is the ability of the enemy to saturate the sensors of an entire fighting system such as a warship, simply because a single target ties up a complete sensing system—say, a tracking radar.

Sensors and sensor systems will carve out a large slice of the national defence research and development budget of £1.5bn this year. Professor Ron Mason, the ministry's chief scientific adviser, has been canvassing opinions from a wide range of scientific expertise on potential novel concepts for sensors, including "intelligent sensors" and how to close gaps in Britain's present defences.

One idea of Navy scientists at the Admiralty Compass Observatory is to replace the time-honoured gyroscope as the sensor for navigation and weapon fire-control. Their idea is to replace spinning metal parts with atomic nuclei spinning in a magnetic field.

Cyanide—Soviet Union shows renewed interest

Such a gyroscope, based on nuclear magnetic resonance, could be much smaller and cheaper and need never wear out.

One gap in UK defences, about to be closed by new sensor technology now nearly ready for service, opened in the 1960s when public opinion was resisting more research on chemical warfare. During the 1970s, however, military intelligence suggested that Britain was under-estimating the Soviet Union's interest in chemical warfare. Britain began to spend more on research to protect the individual, although not nearly enough compared with spending on weapon systems technology, according to Dr. Rex Watson, director of the Chemical Defence Establishment at Porton. His is the smallest of the 12 defence R and D establishments, with an annual budget of about £7m. "Man is still a bit of a cinderella," he laments.

But the "cinderellas" will soon be carrying into battle a highly sophisticated chemical laboratory to warn with red lights and alarms if the enemy is attacking with nerve gas. NAIAD, Porton's nerve agent alarm and detector, is an automatic system for continuously analysing the atmosphere for traces of nerve agents, including cyanide (an agent in which the Soviet Union is showing renewed interest, says Porton).

The technology centre where most of the military's sensors start life, however, is the Royal Signals and Radar Establishment at Malvern. This laboratory began life developing controls for searchlights and has advanced to such systems as airborne early warning, the first of the new flying radar stations for Britain which was rolled out last month.

Early in the 1950s, Malvern invented the idea of the integrated circuit, basis of modern micro-miniature electronics. Recently it has put a complete radar—including the aerial—inside a package the size of a 10p coin. Such a sensor could open the way to a practical "intelligent" fuse which knows when it is near the target, says Dr. Tom Moss, head of applied physics. At present a shell that misses its target by a foot may be useless, while today's intelligent fuses tend to be bulky and complex. Malvern may well be on the way to an anti-tank weapon or a mine with its own radar to detonate the warhead when it knows the target is close enough.

A speciality of Malvern over the last decade has been a remarkable array of lightweight, portable radars starting with a hand-held radar "torch" which the scientists claimed could distinguish a man from a woman—by the echo from the wiggle of a woman's hips. The latest, unveiled recently, is an experimental radar called SCAMPI, developed with GEC-Marconi scientists, to help the soldiers pinpoint moving targets on a TV screen.

These robust, short-range radars all used advanced semiconductor devices instead of electronic tubes to generate the radio-wave pulses, and to process the echoes reflected from their target and suppress any spurious enemy signals that might try to confuse them.

At the other end of the scale is the Nimrod Mark 3 airborne early warning system, under development by GEC-Marconi Avionics, the performance of which Malvern must evaluate for the Ministry of Defence. The Nimrod 3 aircraft is one big flying sensor, says a Malvern scientist. Its radar, packed into the huge protuberance on the nose of the Nimrod, will provide an "eye in the sky" reaching 200 miles to the horizon. It will extend the six-minute warning of long-range ground radars to more than 30 minutes. Six operators will help this sensor's computers filter the deluge of data for evidence of any hostile incursions.

No service would be more delighted than the Navy to get away from the necessity of the familiar rotating radar aerial. The Admiralty Surface Weapons Establishment at Portsdown believes that this may now become possible, through electronic beam steering. The cost is high, and several arrays of radar sensors would be needed, beaming in different directions. But such schemes could be more robust; and each array could in theory generate several different radar beams, each independently controlled, to help beat the problem of saturation of the sensors of a warship.

For long-range sensing, up to 200 miles, nothing will replace radar, believes Portsdown. But for short-range sensing, infra-red sensors — long in gestation — are beginning to rival radar in all three arms of the Forces. The latest infra-red system can "see" differences of a fraction of a degree C in the heat being emitted by targets six or seven miles away. Unlike radar, the viewer is sending no signal himself to alert the enemy of his presence.

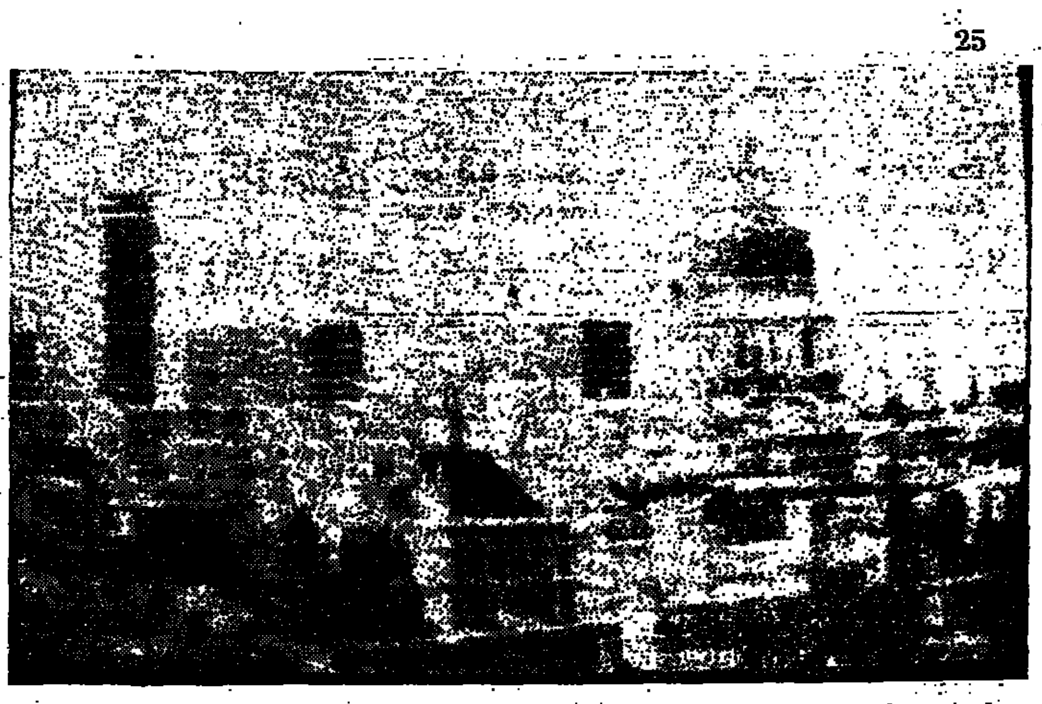
Spot a woman—by the echo from her hips

The infra-red wavebands of military value lie just beyond red light in the visible spectrum, but at a wavelength of minimum interference by bad weather. At 8-14 microns, the scientists claim about 75-80 per cent availability for their latest infra-red sensors over the North Atlantic and on the North German plain. The all-important material of the sensor, cadmium mercury telluride (CMT), was discovered by Malvern in the late 1950s, and is now used worldwide.

The manufacturing technology for this very tricky semiconductor material has been worked out by Mullard to produce the new generation of thermal imaging sensors. But there is ample room yet for improvement, says Mr. Ken Slater, Portsdown's director. He believes that the Navy is close to its first shipboard infra-red system.

Malvern, which developed the Navy infra-red system principally in collaboration with Barr and Stroud, has also been working on a family of aids for the Army. The infra-red group admits that it is still far away from the one-time goal of defence research chiefs in Whitehall—of being able to issue each soldier with a pair of infra-red spectacles so that he could fight just as freely, or change a wheel, at night. The nearest they have come is to use image intensifiers, which have electronic tubes to amplify the residual light from the night sky.

These need very sophisticated optics to catch enough light to be useful. As a result they are bulky and costly—£2,000 or so to equip a soldier's rifle with such a night sight, and several times as much to equip an armoured fighting vehicle.



A thermal picture of London after dark, taken on Marconi equipment. The black patches are those which emit most heat.

The Royal Aircraft Establishment at Farnborough has been flying an experimental infra-red camera developed at Malvern. It looks like a big eyeball, complete with eyelid. It affords a vividly clear view of the ground in total darkness. The picture is sharper than a TV image, and features of the terrain are instantly recognisable. But Farnborough scientists know that they will have a big human problem in persuading pilots to fly their aircraft by watching a TV screen instead of looking out of the cockpit windows. No UK aircraft has yet been equipped with thermal imaging but the Tornado could well be the first, Farnborough believes.

In 1976 the Ministry of Defence, recognising both the potentially immense value and the intrinsic complexity of the new infra-red sensor, embarked on a novel development programme with industry. The aim of its common module programme is to develop a Meccano-like kit of standard parts and sub-systems from which complete sensor systems might be assembled to meet a specific service requirement.

GEC-Marconi Avionics is the co-ordinating design authority for this programme. EMI Electronics and Rank Taylor Hobson are the main subcontractors, specialising respectively in the signal processing and the scanners. Malvern has built a unique night vision test facility to design and test sensors, using a computer to simulate the technology.

The first sensors assembled from parts produced under the common modules programme are expected to go into service shortly. Two applications were disclosed in the defence estimates last month. A night and all-weather sight is to be fitted to the Swingfire anti-tank guided weapon; and a night sight has been chosen for the Milan anti-tank guided weapon.

A market is opening worth "hundreds of millions of pounds," estimates GEC-Marconi Avionics. Ahead lies still more complex thermal imaging systems capable of aiming weapons from a fast-moving platform such as an aircraft. Industry also believes that the common modules programme could spin off a significant civilian market for thermal imaging security systems once the Ministry of Defence has picked up the big R and D bills.

Letters to the Editor

Electricity marketing

From Mr. E. Smith

Sir,—With the necessary help of our Member of Parliament (Mr. Paul Marland, West Glos.) I have tried to find out why our Electricity Boards spend £12.5m a year on advertising and a great deal more in operating a thousand showrooms up and down the country. In his defence of this profligacy with a sales budget, the chairman of Midland Electricity makes the astonishing statement that, anyway, £12.5m is "only 0.25 per cent of turnover." As one who runs a manufacturing business and has to fight for exports, I find such a concept abysmal in its ignorance of management accounting.

Electricity has been with us for a century and it would be no rash claim that the British market for electricity is near to saturation, if not saturated. The asymptotic nature of the sales curve, in the past 20 years, must be painfully evident. Therefore, one must equate the huge electricity sales budget with the handful of consumers snatched from gas and solid fuel. It would appear that the chairman of Midlands Electricity sees a multi-million expenditure as something it can afford without thinking about it. A mere bagatelle.

One derives the conclusion that the public is being forced to take part in a Gilbertian opera and made to pay for admission to its own show. In a letter from Mr. Norman Lamont, Parliamentary Secretary to the Department of Energy, dated March 26, 1980, to Mr. Marland, Mr. Lamont laments that the House cannot interfere with the management of a nationalised industry. Who, then, can protect the public from a confused management spending the public's money?

It is hoped that when the Monopolies Commission has completed its scrutiny of the Central Electricity Generating Board some way will be found to examine management competence in the marketing arm of electricity. In his letter to me, of April 30, 1980, the chairman of Midlands Electricity has informed me that "further correspondence between us would serve no useful purpose." Thus is the door banged on rationality.

Edward A. Smith.
9I, Birchwood Road,
Woolaston, Glos.

Learning all the time

From the Headmaster, Rougemont School

Sir,—Michael Dixon (May 20) argues that there is a daft and even dafter educational tendency away from skills essential to managerial work in favour of ones of relatively minor importance. These skills of minor importance he summarises as "the detailed knowledge associated with study in the educational system."

I do hope that Mr. Dixon is not arguing for a lack of detailed learning on the basis that some who acquire it will not need it. Nor, I trust, is he arguing that at some early age those born with the wond'rous light of managerial promise in their eyes should be segregated from the herd of the humble and placed upon some IQ plateau of their own—however much, no doubt, the communist states so organise such egalitarian selections.

I accept that detailed academic knowledge is not essential to managerial ability—no headmaster, especially, could otherwise attempt to manage more than a subject department—but I would argue that some mental training and discipline, incumbent in specialised study, is an essential part of it. Such study could be in the classics, learning the works of Dickens by heart (but with understanding) or the wing beat patterns of the lesser-spotted tsetse fly so long as it is somewhere.

Soundly-based professional confidence needs a reservoir of skill. The aura of rank and swagger stick in the Army wears off quickly enough if you cannot talk at least technical sense based on some study in depth with skilled tradesmen. Leadership cannot be all "follow me chaps, this is going to be tough" anymore than management skills can be based on some ersatz course in "social skills."

Mr. Dixon has got it wrong. Management skills, whatever they are, develop with maturity and experience and derive more from personality, whatever that is, rather than IQ, whatever that is. They are no more specifically trainable than a prep. school boy is specifically trained for post-graduate research work. The whole educational process, of which sheer hard learning and some aspect of special study play an important integral part, leads out the whole being—some of which beings will become, with undoubtedly the help of later finer honing, the good managers.

F. W. Edwards.
83, Stow Hill,
Newport, Gwent.

Cash dispenser networks

From the Assistant Chief General Manager, Lloyds Bank

Sir,—Ian Rodger in his article on cash dispensers for your World Banking Survey (May 27) quite correctly points out that Lloyds Bank has 850 of these machines installed so far. But he then goes to say that Citicorp in the New York area with 450 machines is believed to be the largest cash dispenser network in the world. We were rather puzzled by this since both Citicorp and ourselves are customers for the same IBM cash dispensing machines.

Could it be that Lloyds Bank have the largest cash dispenser network? Knowing how hard it is to give credit to an ordinary British clearing bank for being first both in technology and customer service, I sympathise with Mr. Rodger. But I think even on his numbers it must be so. To be fair to Mr. Rodger he does refer to 24 hour cash dispensers and ours are of more restricted availability.

Bob Amos.
P.O. Box 215,
71, Lombard Street, EC3.

Life assurance commission

From Mr. J. Hissey.

Sir,—I was interested to read the letter (May 23) from fellow insurance broker, P. C. Price, because you were good enough to print a letter of mine some two and a half years ago on this very subject.

Since then members of the Life Offices Association still insist on paying the same commission to all agents, whether they are fully professional brokers or merely part-time intermediaries.

The present flat rates are clearly too low to encourage any growth in the fully professional insurance broker, and too high where the agent merely passes a name to the insurance companies inspector, who completes the rest of the arrangements.

In my letter I suggested a simple solution whereby the insurance broker received double the amount of commission paid to the mere agent, with the total overall commission paid by the Insurance companies being the same.

The Government has prodded insurance broking to set up their own association, so there should be no difficulty in defining the insurance broker. On the other hand the Life Offices Association seem frightened of encouraging the growth of insurance brokers, presumably to protect their own less efficient members.

Maybe the time has come for Parliamentary action.

J. E. B. Hissey,
Stafford Knight and Co.
(Life and Pensions),
155, Fenchurch Street, EC3.

Crime and matrimony

From Mr. J. Holt

Sir,—In her article on City solicitors (May 15), Mrs. Ann Moore, when talking about women lawyers, referred to "the view widely held in the profession that women are only suited to matrimony or crime."

Others might feel that they were more suited to either matrimonial law or criminal law.

Jeremy Holt.
30 Ockendon Road,
Islington, N.1.

Interest rates

From Mr. J. Robertson

Sir,—The current high level of interest rates does nothing to encourage businessmen both great and small to invest or re-equip.

A reduction in the interest rates paid by legitimate businesses could be arranged using the existing VAT collection procedure.

Each month or quarter as applicable the interest paid would be entered in one of the "higher rate" boxes provided. The amount of rebate in percentage terms would be announced one month in advance and would vary according to interest rates prevailing at the time but hopefully would have the effect of reducing the cost of business borrowing to 7 per cent or thereabouts.

Those enterprises borrowing at "business rate" but lending the funds out would declare interest received in the tax due part of the VAT form.

No new government department would be needed and the whole system would be under the eye of those efficient gentlemen from the Customs and Excise.

A simple scheme such as this might stimulate economic activity and alleviate the crushing interest burden on many small businesses.

J. I. A. Robertson.
Glenside Farm,
Plean, Stirlingshire.

The company car

From Mr. R. Howe

Sir,—The controversy concerning public sector wages is highlighted by your article (May 20) on executive cars.

In the financing section you mention the corporate pound costing 50p to purchase a car whilst the rest of us pay £1.30 to the same effect. If the trade discount usually found is taken into account (which is not normally open to the rest of us) there is a ratio of 3 to 1 required in pay to cover the difference in purchasing power. I am sure this does not apply to cars, but this does not only apply to cars, but all sorts of other emoluments.

The answer is to stop complaining of high public sector wages and alternatively alter the tax system so that the corporate pound is the same value as the £1.30 pound. This is avoided by politicians, the Confederation of British Industry and all others interested in obtaining a wage structure without regard to its purchasing power. With the ever increasing prices this is the real feature and until it is tackled we will have an unbalanced society with each side striving for more emoluments unfortunately at the expense of the rest.

The problem is increasing as firms endeavour to give their staff a better deal without losing half of it to the revenue and this feature is not available to public servants. It is not a new feature but like many more things these days it is becoming badly distorted and needs attention, urgently.

Ronald Howe.
Takarazuka, Manor Road,
Doddington, Kent.

Contradictions in the changing face of Saudi Arabia

From Mr. J. Townsend

Sir,—It is understandable that the government of Saudi Arabia does not welcome comment by foreigners on how it manages its affairs. The Government and the House of Saud together contend that it is none of our business. In any case, they argue, the Kingdom's relatively moderate oil pricing policies and its expansionist economic policies favour industrial nations at least as much as they do the people of Saudi Arabia and risk alienating main stream Arab opinion as a result. The implication is that Western comment should reflect this argument and not concern itself with internal Saudi Arabian matters of which in any case the ruling dynasty is aware and which are the subject of present or projected Government action.

The industrial nations cannot afford to accept Saudi assurances that all is for the best in the best of all possible Saudi worlds. The third five year plan calling for the expenditure of almost $235bn is likely to generate pressures on the Saudi Government to maximise its revenues, not only to meet expenditure targets of the plan but also to maintain capital and infrastructural projects implemented under earlier plans and to meet rising expectations of the people. Even more important is the awareness that serious miscalculation or outright failure on the part of the Saudi dynasty in the implementation of its domestic policies could have profound and even apocalyptic consequences for industrial countries.

The Government of Saudi Arabia has launched, through the deployment of its oil revenues, a process of rapid economic development and quasi-industrialisation which is having a far-reaching effect on the society's social and economic structures, structures which reflected the priority given to physical survival in an environment of fundamental scarcity. A hitherto largely rural society is fast becoming urbanised and dependent on imported consumer goods. The harshness of the environment has been masked, but the environment is not being controlled. There is an immediate contradiction in the Government's stated policies of maintaining the religious and moral values of Islam while at the same time ensuring a high rate of economic growth, a contradiction at the heart of differences between fundamentalists and materialists in Saudi society. There is a growing contradiction between the interests of the House of Saud, dedicated to dynastic survival, and those of the nation as a whole, seeking an identity in a fast-changing world. There is a contradiction between quality and quantity in education, between adding value to the nation's human resources and denying people a commensurate right to free choice and innovative thought. There is a contradiction between government by consensus and the decision-making requirements of an entrepreneurial and industrial society. There are great contradictions between the various priorities for the deployment of the nation's manpower resources either in its armed forces, or its commerce, or its industry, or its agriculture or its administration.

The sum of these contradictions is a growing lack of agreement between the nation's political structures and its social and economic structures, a dichotomy which could lead to grave miscalculation on the part of the country's political leadership. Even if the proposed *Majlis Ashoura* or consultative council is set up in the near future, it will be something of a miracle if such a council is able to be dynamic enough and perceptive enough to recognise and define problems and propose appropriate courses of action with reasonable speed. It is more important to recognise the underlying factors leading to potential political instability in Saudi Arabia than to engage in debates as to whether any threat comes from Islamic fundamentalists, or Arab populists, or Ba'athists, or as a result of intra-dynastic squabbles. Perhaps the worst possible scenario is one in which the House of Saud would appeal to the United States for support in putting down a popular movement in Saudi Arabia lead by an Arabian Qadhafi and demanding political change in the name of Islamic purity, pan-Arab solidarity against Israel and an end to foreign influences.

John Townsend.
Jubilee Cottage, Meadway Lane,
Oving, Bucks.

Today's Events

GENERAL

UK: Institute of Mining and Metallurgy conference on national and international management of mineral resources, London.

Coal today and tomorrow exhibition opens, Newcastle upon Tyne.

Prince Charles, as president, visits Prince's Trust projects in West Midlands; and Queen's College Birmingham.

American stockbrokers Drexel Burnham Lambert Inc. hold investment forum for stockbrokers, Savoy Hotel, London.

Sir George Young opens multiple sclerosis and coronary research unit at Central Middlesex Hospital.

Overseas: Pope John Paul starts three-day visit to France.

EEC Foreign Ministers meet, Brussels.

COMPANY MEETINGS

Ayrshire Metal Products, 17 Church Street, Irvine, Ayrshire, 3.30. Fothergill, Harvey, Midland Hotel, Manchester, 12.30. Pearson Longman, Millbank Tower, Millbank, SW, 11.30. S. Pearson, Millbank Tower, Millbank, SW, 12. Ready Mixed Concrete, Carlton Tower Hotel, Cadogan Place, SW, 11.30. John C. Small, Tidmas, The New Mechanics, Birkbeck House, Trinity Square, Nottingham, 12. Whatman Reeve Angel, Great Eastern Hotel, Liverpool Street, EC, 12.30.

COMPANY RESULTS

Final dividends: Airflow Streamlines, Capital and Counties Property, Chapman (Balham), Cope Sportswear, London and Overseas Freighters, Minster Assets, Wettern Brothers. Interim dividends: Wolverhampton and Dudley Breweries.

UK COMPANY NEWS

Pressure on margins for ICL in first six months

STRONG sterling, rising UK inflation, and higher interest charges have all brought pressure on margins at ICL, the computer systems and allied products and services group.

Turnover increased by 21 per cent from £285m to £346.3m, and taxable profits, for the half year ended March 31, 1980, were £20.5m against £18.6m, a 10 per cent rise.

Mr. Philip Chappell, the chairman, says it is too early to give any firm indication of results for the full year, but given an acceptable trading environment, he is confident the group's long-term prospects remain sound.

For the 1978-79 year profits were a record £45.7m.

Overseas profits were below expectations, but the overall profit growth was sustained to some extent by a favourable sales mix which contained proportionately fewer rental contracts.

The larger interest charge, up from £7.8m to £11.4m for the six months, was due to further growth in working capital needs, and to greater use of export credits guarantee department finance for exports.

Mr. Chappell says that the financing facilities available are sufficient to meet the group's foreseen requirements.

After adjusting for exchange rate variations, orders received were up by 16 per cent, he adds.

A number of significant new products were launched in the period, the chairman states, including a major computer system, the ME 29—more than 100 orders were taken in its first month, of which over 60 per cent came from new customers.

After tax of £4.2m (£6m), and minorities of £0.2m last time, profit was £16.3m (£12.4m), giving earnings per 25p share—there was a share split from £1 shares into 25p in February—are shown as 12.21p (9.29p). The interim dividend is effectively increased to 0.95p (0.875p) net, last year's final being 2.1p.

The attributable balance, however, emerged much lower at £8.6m against £12.4m, after an extraordinary debit of £7.7m (nil), comprising the full costs expected to arise from the group's decision to close the product feeder plant at Dukinfield, near Manchester—due next month—and transfer production to other factories.

The use of the closing rate method for translation of foreign currencies into sterling, has been extended to all assets, the directors state. This has resulted in a £3.8m reduction in overseas fixed assets and reserves, as at September 30, 1979, and a reduction of £1.1m in depreciation for the first half of 1979-80—as at March 31, 1980 reserves stood at £103.6m (£89.1m).

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Coalite finishes over £20m

AFTER national strikes had left halftime performance unchanged, Coalite Group made a return to growth in the second half of 1979/80. The fuel producer and distributor and oil refiner, pushed taxable profits for the year to March 31, 1980, up £2.72m to a record £20.53m, with £14.17m against £11.48m coming in the second six months.

A lower tax charge of £5.84m, compared with £5.91m, enabled the company to show earnings per 25p share higher at 19.93p (16.15p). The net total dividend is stepped up to 3.85p (3.07318p) by a 2.56p final.

Sales were £57m better at £335m and after depreciation of £4.59m, against £4.91m, trading profit was £19.94m (£17.68m). Interest received amounted to £587,000 (£137,000).

The retained surplus came out at £11.85m, against £9.64m after dividend costs of £2.84m (£2.27m).

● **comment**

A strong second half brought Coalite in slightly ahead of market expectations, putting 2p on the eshares which closed at 104p. Production of coalite itself was hit by a first-half strike, but the damage—which the company reckons at £3m—was more than offset by better performances from fuel distribution, chemicals, and vehicle building and distribution. For the current year, coalite profits should be back up if the company is spared further disruption, though the UK vehicle market is softening and chemical margins could see a squeeze. Perhaps £23m is in sight, indicating a prospective fully-taxed p/e of almost 7, on an historic 5.4 per cent yield.

Philip Hill Trust £1.7m higher

PRE-TAX PROFITS of Philip Hill Investment Trust rose during the year to end-March 1980, by over £1.7m to £8.49m.

Expenses over the period increased from £384,000 to £437,000 but interest fell slightly—from £1.39m to £1.36m.

The total dividend is raised to 5.5p (equivalent 4.575p) with a final payment of 3.9p. The Board is also recommending a special non-recurring dividend of 0.38p, due to exceptional income received from Shell and Unilever.

Gross revenue came out at £10.29m, compared with £8.56m the previous year.

After a tax charge of £2.68m (£2.31m), revenue rose from £4.48m to £5.8m.

Earnings per 25p share are given as 5.97p (4.61p).

The net asset value per Ordinary share was 117.2p at the year-end, compared with 137.3p the same time last year.

IMPERIAL/HOJO

Imperial Group yesterday said that it expected to complete its $630m purchase of Howard Johnson of the U.S. in the week of June 16.

HIGHLIGHTS

Lex concentrates on the major company announcements on the day. **Courtaulds** has maintained its dividend and improved profits slightly, but it continues to face very difficult trading conditions. **Beecham** has produced pre-tax profits of £136.8m, against £144m, with some underlying increase during the closing six months. Nevertheless the group is finding pharmaceuticals hard going. **Borthwick** has plunged into the red at the half-way stage because of the collapse of U.S. beef prices and it has passed its half-year dividend payout. Finally **ICL** managed to push volume up at least as fast as last year, but margins have come under pressure. On the inside pages several companies come in for comment, including some rather contrasting results from two brewers, **Greenall Whitley** and **Young**. **UBM** seems at last to be coming right but **Capper Neill's** profits are lower in what was a difficult year.

Courtaulds tops £68m for year

AGAINST AN increasingly poor trading background, Courtaulds improved second-half profits from £36.6m to £37.9m to finish the year to March 31, 1980 with a pre-tax figure of £68.1m, compared with £64m. Worldwide sales increased from £1.66bn to £1.82bn, of which £492.9m, against £424.6m, came from exports.

The group's interests are in man-made fibres, textiles, chemicals, pulp, packaging, paint and plastics and engineering.

Results benefited from rationalisation measures that have been taken, but the effects were obscured by the reduced competitiveness of sterling which eroded margins and stimulated import competition. Profits of the overseas companies improved.

Poor trading conditions have persisted into the current year.

Tax for the 1979-80 year was little changed at £20.3m (£20.2m) and stated earnings per 25p share moved up from 13.36p to 14.202p. A maintained net final dividend of 5.67p makes a total payment of 8.562p (8.362p).

Minorities took £8.9m (£7.2m), while extraordinary debits, which largely comprise reorganisation and closure costs associated with the elimination of loss making activities, jumped from £3.7m to £29.8m.

Following the continued accumulation of capital allowances and the introduction in last year's Finance Act of permanent stock relief, there was a release this time of £24.1m of deferred tax.

After dividends, the retained surplus emerged unchanged at £9.7m.

Capital expenditure for the year rose by £24m to £74m with priority continuing to be given to the control of working capital. Cash resources were reduced by £9m, while loan capital increased by £14m.

Profits before tax of the **International Paint Company**, a Courtaulds subsidiary, climbed from £19.18m to £20.41m for the 1979-80 year, with the second-half performance up from £8.88m to £9.77m. Sales reached £239.55m, compared with £217.27m, reflecting a good increase in volume.

The company's overseas performance was strong, particularly in Europe, while there was a modest improvement in UK results despite the effects of the strong pound on substantial export business, and deteriorating trading conditions.

Sales and profits would have been £19.5m and £2.1m higher respectively had exchange rates at March 31, 1979 been maintained throughout the year—Brazil accounted for £7.4m and £1.2m of these figures.

Earnings per 25p share advanced to 15.95p (13.34p) and the dividend total is raised from 2.617p to 3.048p net, with a final of 2.175p (1.857p).

The pre-tax result included an increase in interest receivable from £0.71m to £1.27m, but lower associates' contribution of £0.43m (£0.98m). Tax charge was down from £6.97m to £5.6m.

Exchange losses amounted to £1.55m, against £1.36m, and minorities took £1.52m (£1.03m). There were extraordinary credits of £0.36m (£0.28m debits) and a release of deferred tax of £2.43m this time. Retained profits were up from £7.62m to £12.3m.

The company's cash position remains strong despite a significant cash injection into capital expenditure and working capital on account of higher sales volume and substantial price increases in raw materials.

Normand advances to £1.3m

TAXABLE PROFITS of Normand Electrical Holdings showed an advance from £1.03m to £1.3m for the year ended March 1, 1980, on increased turnover of £16.36m, compared with £14.91m.

In the current year, they warn that with some degree of caution being shown in most of the group's markets, order books in certain areas have deteriorated.

However, they say every effort is being made, both in the UK and internationally, to obtain more business and the group is well placed to meet any increase in demand.

Earnings per 20p share are given up from an adjusted 6.4p to 10.9p, while the dividend total is effectively lifted to 3p (2.52456p) with a better than expected final of 1.9073p (adjusted 1.57416p) — a final increase similar to the 10 per cent interim rise was forecast.

Lonrho opposes Fraser's new men

BY JOHN MOORE

Lonrho, the international trading conglomerate and the largest shareholder in **House of Fraser**, the department store group which owns Harrods, is opposing the re-election of four House of Fraser directors.

In its third circular sent to House of Fraser shareholders as part of its campaign to force House of Fraser's board to raise the final dividend from 4p to 6p per share, Lonrho names the four as Mr. D. K. Milligan, Mr. C. F. L. Head, Mr. M. M. McMasters and Mr. D. C. Mair.

Lonrho says that three of the directors named have been on the board for only four months. "They were appointed primarily as a blocking device. Two of these seats had been promised to us.

"We are opposed to an increase in numbers from 15 to 18, as the House of Fraser has not grown to need a board of 18 people. The Monopolies Commission clearly recognises that Lonrho would not interfere with the specialist side of the department store group and said: 'Lonrho would be interested in the profitability of its investment in the House of Fraser and, therefore, in the success of the business'."

House of Fraser was studying the latest Lonrho circular last night and planning its response.

Urging shareholders to support its special resolution for securing an increase in the Fraser dividend and four other ordinary resolutions Lonrho says that a vote in favour "will not stand in the way of a bid for your shares; on the contrary, it would increase interest in a bid."

A vote in favour would also give shareholders

- an extra twopence a share which can be well aoffrded by the company
- more attention in the future by House of Fraser to giving shareholders a fair return on their investment
- support for the share price in the future.

A vote in favour will not affect the security of employment of those working for House of Fraser, and will mean the support and encouragement of "whatever is excellent in House of Fraser, and sympathetic attention to areas of failure."

Beecham Group trimmed to £137m by strong pound

AN ADVERSE conversion rate which sliced £7.8m from the contribution of its overseas subsidiaries, bid a marginal underlying growth in Beecham Group's taxable profit for 1979-1980. Following the £7.7m downturn at midterm the pharmaceutical, animal and consumer products company reports a surplus of £136.8m, against £144m, for the year to March 31, 1980.

At the trading level the decline from £146.4m to £134.9m was partly offset by sharply lower interest costs of £1.9m (£6m). Sales were 11.4 per cent higher at £1.03bn.

Stated earnings per 25p share were down at 12.4p (13.2p) on a net basis or 14.33p (15.12p) on a nil basis. However the net total dividend is effectively being lifted to 6.125p (5.314p) by a 3.245p final.

With tax taking £55.5m, against £62.4m, £0.7m (£0.5m) going to minorities and a £0.7m extraordinary debit last time, attributable earnings were little changed at £80.6m, compared with £80.4m.

The trading results include six months' figures of the Jovan Inc fragrance and perfume business acquired at the end of September.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
H. Ansbacher Hldgs.	0.15	—	Nil	0.15	Nil
Beecham	3.25	Aug. 21	3.02*	6.13	5.31*
Borthwicks ...int.	Nil	—	2.4	—	6.2
Brunning Group	2.45	—	2.35	4.03	3.85
Buckley's Brewery	1.65	—	1.38	2.35	1.98
Capper Neill	2.1	July 10	2.01	4.2	3.18
Coalite	2.56	Aug. 4	2.04	3.85	3.07
Courtaulds	5.67	July 25	5.67	8.56	8.36
George Ewer ...int.	1	Oct. 7	0.5	—	2.4
Exchange Telegraph	4.75	—	4.03	7	6.05
Greenall, Whitley ...int.	3	July 18	1.53	—¶	5.25
Philip Hill Tst.	3.9	Aug. 4	3.2*	5.88**	4.57*
ICL ...int.	0.95	July 15	0.88	—	2.98
International Paint	2.18	Aug. 6	1.86	3.05	2.62
London Sumatra	6	July 23	4	8	6
Normand Electrical	1.91	July 22	1.57*	3	2.52*
Prop. Hay's Wharf ‡int.	2.58	July 25	1.72	§	6.35
Pyramid Group	2.22	—	2.18	6.3‖	2.74
UBM	3.5	July 18	2.77	5.5	4.73
Warren Plantation	7	July 15	5.91	10	8.25
Young & Co's	2.2	—	1.82	4.3	3.52

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Increased partly to reduce disparity. § Final of 4.63p forecast. ¶ Total of not less than 6.25p forecast. ‖ Including 3.5p net special dividend. ** Including 0.38p non-recurring payment.

Borrowing costs push back Capper Neill profits by 8%

INCREASED interest charges of £1.16m compared with £0.64m have brought an 8 per cent reduction in pre-tax profits for Capper-Neill, process plant manufacturer and erector, for the year to March 31, 1980.

First-half profits slipped £0.2m to £2.06m and a further decline from £3.28m to £3.03m in the remainder of the year left the surplus at £5.06m against £5.54m.

Turnover rose from £89.9m to £97.23m and the directors point out that the marginal improvement in trading profit, from £6.18m to £6.24m, was achieved in the face of disruptions caused by the engineering and steel strikes. At the year-end, they add, borrowings continued to reflect an acceptable proportion of capital employed.

The dividend is stepped up from 3.1825p to 4.2p, with a final of 2.1p, absorbing £1.21m (£0.85m).

Tax takes £891,048 (£835,543) and minorities' profits £15,345 (£2,392 losses) and there is an extraordinary credit from the sale of assets of £14,061 (£19,167). Earnings per 10p share are shown as 14.47p (18.28p).

The group's major activity, site construction engineering, continued to perform most satisfactorily, say the directors, with Capper Neil International and Capper Pipe Service achieving record results.

But some factory-based subsidiaries suffered from a reduction in activity and every opportunity is being taken to reshape operations to take advantage of the changing pattern of demand, they add.

● **comment**

The Capper-Neill share price has barely moved over the last six months. Confirmation of the 6p per share gross dividend gives a yield of 11.8 per cent which, if the stock market really is taking the worst possible view of engineering contractors' profitability, should have risen since last November. The recent experience of some directly comparable rivals, after all, provides ample evidence of the risks involved. Yet Capper's enviable track record has only been dented by high interest rates and the continued failure of the manufacturing division to respond to a reduced level of activity. With pipe services, construction engineering probably contributes 80 per cent of total profits and the outlook for the current year, at least, looks reasonably optimistic. The anticipated expansion of the operational spread has no doubt been enhanced by the apparent success of the £25m Kenana project but clearly the medium outlook is dominated by the probable narrowing of the domestic base and increased overseas margins pressure. However, Capper has grown fast over the last decade to establish a sound footing and the share price of 53p, up 4p yesterday, is probably right to ignore the possibility of any sudden shocks.

Collapse of RPM takes toll on Sangers profits

REFLECTING THE collapse of resale price maintenance in the pharmaceutical wholesaling industry, the Sangers Group has suffered a sharp 48.3 per cent drop in pre-tax profit from £2.17m to £1.12m for the financial year ended February 29, 1980.

The directors are, however, recommending an unchanged final dividend of 4.58p, making a total distribution of 6.38p, same as last year.

Interest charges were nearly trebled at £639,000 (£236,000). There is a tax credit of £160,000 this time, compared with a £210,000 tax charge in 1978-79. Thus, net profit before extraordinary items wsa down by a lower percentage—34.6 per cent—to £1.28m (£1.96m), to give earnings per share of 13.23p (21.82p).

But at the attributable level the effect of the tax credit was eroded by an extraordinary debut of £640,000, which represents the total cost of the group's recent reorganisation. Thus, attributable profit was 67.3 per cent lower at £640,000 (£1.96m).

The group has received £250,000 following settlement of litigation with Western Pharmaceuticals, but this will only appear in the 1980-81 figures.

Turnover of the group, which is also in photographic wholesaling and optical retailing, was 17.2 per cent higher at £115.1m (£98.2m).

TWO WATER ISSUES

The recent offers for sale by tender of **Folkestone and District Water Company** and **North Surrey Water Company** redeemable preference stock, attracted applications for £6,967,000 and £5,897,300 of stock respectively.

SHARE STAKES

Guthrie Corp.—The beneficial interest of J. G. Hogg, director, has been reduced by the sale of 55,000 ordinary.

Foden—Norwich Union Life Assurance Society now hold 990,368 "A" ordinary (7.81 per cent).

Second half fall leaves Young Brewery behind

A DOWNTURN from £758,842 to £614,044 in the second half has left the taxable surplus of **Young and Co's Brewery** behind at £1.55m for the year ended March 31, 1980, compared with £1.65m.

Mr. John Young, chairman, blamed high interest rates at a time when the company is involved in rebuilding the brewery.

Turnover, although slightly ahead at £20.59m (£19.18m), did not keep up with inflation, he explains, because the company, in common with other breweries, had a policy of pegging prices for 12 months.

Draught beer sales, which account for 75 per cent of the total amount, were up by 0.5 per cent, but keg and bottled beer sales were down. The cost of materials and expenses rose by 8.2 per cent.

The final dividend is increased to 2.2p (1.8223p) net per 50p share making the total for the year 4.3p, against 3.5223p.

● **comment**

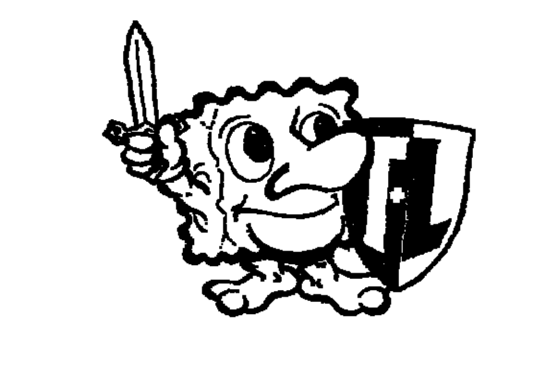
Even excluding the brewery construction costs, the Young performance is disappointing. Interest charges were £154,000 higher but adding these back in still leaves profits only 3.5 per cent up. Repair costs were exceptionally high in the second-half but a more basic problem was price resistance. Tenants have driven up prices to the point that a pint of mild sells for 11p more in some pubs than in others. As a result, in the highly competitive London area, the company has been losing market share. Draught beer, which represents 75 per cent of sales, was up by only ½ per cent while other beer sales were down markedly. The group is now thinking of taking more houses under direct management, increasing its own margin. The brewery construction is proceeding roughly on schedule, though above budget, but for the moment Young will be depending on its new lager to improve sales. At 165p, the shares trade on a multiple of 7.3 times reported earnings. This is lowish for a regional brewer, but so is the yield of 3.8 per cent.

TATE + LYLE

'We continue to urge the British Government and the EEC authorities to take prompt action to restore fair competition in the UK sugar market.'

1980–the first half

Extracts from the Interim Statement by the Chairman, the Rt Hon Earl Jellicoe



'In the first six months of 1980, we were able broadly to hold our ground. Trading profit (£16.4 million) was significantly higher than in the equivalent period last year. If the 'exceptional' earnings from asset realisations (£4.9 million) in the first half of last year are excluded, we were, despite higher interest charges, able to make an improvement in pre-tax profits from £6.3 million to £9.2 million.'

'The trading climate in which we operate in the UK and overseas remains difficult. Within our businesses, we are maintaining the pressure to improve our competitiveness and strengthen our financial base and are making progress.'

'The EEC's delay in resolving the problem of excess beet sugar production in the Community is already seriously affecting the profitability of our UK cane refining operations. The African, Caribbean and Pacific sugar which we refine must not be squeezed out of the UK market by surplus beet sugar.'

Pre-tax unaudited profits for the six months to 31st March 1980 were £9.2 million (1979 first half, including asset realisations: £11.2 million)

GROUP PROFIT AND LOSS ACCOUNT

	1980 6 months to 31st March £ million	1979 6 months to 31st March £ million (restated)
Turnover	634.3	541.3
Trading profit	16.4	10.8
Exceptional items	—	4.9
	16.4	15.7
Interest	7.7	6.8
	8.7	8.9
Share of associated companies' results	0.5	2.3
Profit before taxation	9.2	11.2
Taxation	2.8	3.3
Profit after taxation	6.4	7.9
Profit attributable to minority interests	0.7	0.1
Profit attributable to the shareholders of Tate & Lyle, Limited	5.7	7.8
Dividends (reflecting changed payment pattern as notified)	2.2	1.4
	3.5	6.4
Earnings per £1 ordinary stock unit	10.5p	13.5p

STATEMENT OF TOTAL GROUP RESERVES for the six months ended 31st March 1980

	£ million
Reserves at beginning of the period	158.1
Differences on exchange	(0.5)
Profit retained	3.5
Extraordinary items	1.1
Reserves at end of the period	162.2

Copies of the Interim Statement for the six months to 31st March 1980 may be obtained from J E Wright, Secretary, Tate & Lyle, Limited, Sugar Quay, Lower Thames Street, EC3R 6DQ.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	60	Airsprung	62	—	6.7	10.8	3.7†
50	26	Armitage and Rhodes	34	—	3.8	11.2	2.2†
277	185	Bardon Hill	277	—	13.8	5.0	8.1†
100	78	County Cars 10.7% Pf.	78	—	15.3	19.6	—
101	63	Deborah Ord.	93	—	5.0	5.4	10.2
125	88	Frank Horsell	123	—	7.9	6.4	7.6
129	98	Frederick Parker	98	—	12.8	13.1	4.5†
156	102	George Blair	103	—	16.5	15.7	—†
73	46	Jackson Group	73	—	5.2	7.1	4.3†
153	105	James Burrough	105	—	7.2	6.9	9.2
300	242	Robert Jenkins	297	—	31.3	10.5	9.5†
232	175	Tordov	225	—	14.3	6.4	5.8†
34	11½	Twinlock Ord.	12¾	—	0.8	6.6	2.4†
80	70	Twinlock 12% ULS	73	—	12.0	16.4	—
56	23	Unilock Holdings	48	—	2.6	5.4	10.2
50	45	Unilock Holdings New	45	—	—	[illegible]	[illegible]
99	42	Walter Alexander	92	—	4.4	4.7	9.8
210	136	W. S. Yeates	210	—	12.1	5.8	3.4†

† Accounts prepared under provisions of SSAP 15.

هكذا من الأصل

If any mining house is going to do well, we will too.

1979 RESULTS

1979 has been a good year with steady progress and, with few exceptions, an improvement in turnover and net attributable profits on all fronts.

Notwithstanding a record profit of nearly £150 million, re-expressed in 1979 terms profits per share last year were still lower than they were in 1973, when the actual profit earned was only £66 million.

In contradistinction to earnings, the proposed dividend re-expressed in 1979 terms is the highest ever paid.

DEVELOPMENTS

In the first half of 1979 we decided to acquire and re-open the Wheal Jane tin mine in Cornwall. This company has in the past been a useful supplier of concentrates to our tin smelter, Capper Pass. Good progress has been made with the reconditioning of the mine. It will resume production on a small scale around the middle of the year and should reach full output by the early part of 1981.

We have decided to subscribe an additional £5 million to the capital of Rio Tinto Rhodesia (soon to be renamed Rio Tinto Mining Zimbabwe), in which we hold a 51% beneficial interest. The money will be used to finance a carefully defined expansion programme and includes the opening up of two mining properties. This is an act of faith in the people who work in our organisation and in the sincerity of the new Government. It is only by support of this kind that it will be able to find a solution to the serious unemployment and resettlement problems with which it is faced. Other developments include the up-grading of the aluminium smelter at Bell Bay, Tasmania, by Comalco, and the expansion of the Lornex copper mine in British Columbia. In Panama, we have reached an agreement in principle with Codemin, a Government agency, under which we are undertaking a programme of work to reassess the viability of the large low grade porphyry ore body with reserves of over one billion tonnes, which would be developed by open pit mining. The viability of the project will, of course, depend primarily upon copper prices, but on the basis of known existing copper properties in North and South America, Cerro Colorado must rank as one of the great potential mines of the future.

EXPLORATION

In 1979 the Group spent £32,500,000 and in 1980 there will be a further increase. Exploration is the life blood of a mining house with its constant need to find new ore bodies to replace those that are being currently worked out. The Ashton diamond venture is most exciting and most promising and it could come into operation earlier than predicted last year.

WESTINGHOUSE AND ANTI-TRUST

As regards Westinghouse, there have been several important developments. The Court of Appeals in the United States has ruled that Westinghouse may not proceed in the Chicago case against RTZ, as a non-appearing defendant, until the case against the appearing defendants has been decided.

RTZ Corporation of America – a subsidiary of RTZ Borax – which was one of the appearing defendants in the case, has now been released from it.

The Protection of Trading Interests Act was introduced by the British Government towards the end of last year, received bipartisan support in Parliament, and reached the statute book in March. This measure reflects the British Government's fundamental objection to continued attempts by the United States Courts and regulatory authorities to extend the application of their anti-trust and other laws beyond the territorial limits of their own country, and it should, incidentally, further reinforce RTZ's position in the UK.

RÖSSING

At Rössing the position has improved. In 1979 the technical performance of the plant was good, its rated capacity was reached and the company made a good contribution to Group profits. No tax was payable on the profits earned, no dividend was paid to any of its shareholders, but the result of the year's work was a strengthening of the company's financial position, some reduction in its debt and a better relationship between capital and borrowings. However, the same wearisome and unfounded attacks have been made on our operations there. We believe that the development of the Rössing mine with its firm non-racial policy, its high standards of health and safety, its training programmes for semi-skilled, skilled and management levels, its continuing expenditure on and expansion of housing, hospital and health services, educational, social and recreational facilities, its establishment and financing of the Rössing Foundation, is bringing major benefits and opportunities, not only to its employees and their families but also to the country and the community at large.

I am convinced that if those people in responsible positions, who continue to make unfounded allegations about conditions there, were willing to accept an invitation to visit Rössing and judge it in good faith, they would find the situation there startlingly different from the one they are constantly asserting.

The political future of Namibia is still uncertain. It is to be hoped that present consultations will result in an early agreement for the transfer of the territory to a newly elected, independent and internationally recognised Namibian Government.

FUTURE OUTLOOK

The year has started well as is only to be expected from the buoyancy of metal prices during the first quarter but during the last two months prices have fallen substantially – in some cases to below the average levels of 1979. Inflation still goes on at an unacceptable rate. The international situation remains uncertain and threatening. But morale is high; our mines are low cost producers and with our spread of activities, if any mining house is going to do well, we will too.

CHAIRMANSHIP

As you will remember, the objective I set myself when I presided over my first annual general meeting in 1976 was to separate the two functions of chairman and chief executive and to create two full time top jobs. Last year I told you that during 1978 Mr Alistair Frame had been appointed chief executive. It must seem to have taken a very long time to reach a decision about my successor. That decision has now been taken. Sir Anthony Tuke, the chairman of Barclays Bank, who will be retiring from executive duties there in April next year, has accepted an invitation from the board to succeed me at the annual general meeting of 1981, in twelve months' time.

He will be joining our board in a non-executive capacity later this year. With his wide knowledge of finance and close relations with the countries in which our principal overseas subsidiaries operate, he will be of great value to the company and we are extremely fortunate to have secured his services. I am sure that with Sir Anthony and Alistair Frame, with their different but complementary experience, the future of the company is in good hands.

THIRD WORLD DEVELOPMENT

I would like to say something about the development of the Third World and the role that the multinational companies can play. Few would dispute that the discipline and controls exercised by private enterprise are far stricter and tighter, giving far greater value for money and a far higher level of wealth creation. They have the technology and money and skills and, quite often, branch operations or subsidiaries in the countries most needing help. They would, I am sure, be prepared to provide advice and training as well. But to make progress, there must be a willingness on both sides to co-operate and those requiring help should beware of looking gift horses in the mouth, or demanding as of right the free transfer of technology, where educational standards are not far enough advanced to contribute to the development of that technology.

A few weeks ago the Brandt Commission Report was published. It explains the problems and stresses the urgency of their solution. It also recognises that a Summit meeting should be held, confined to a small number of the world's leaders, unsupported by their staff, to make recommendations for action. We already have an admirable example in the World Bank of the effective financing and supervision of major projects in the Third World. Perhaps their horizons could be extended, or perhaps some alternative agency could be set up. In either case, however, bilateral discussions on a clearly defined form and scope of assistance are required, if any of the progress which we all hope for is to be made.

Mark Turner
Chairman, 28 May 1980

RTZ The Rio Tinto-Zinc Corporation Limited

Sir Mark Turner's speech, the annual report, and fact sheets, are available from: The Secretary, RTZ, 6 St. James's Square, London, SW1Y 4LD.

Exchange Telegraph up by 21.5% to over £3m

FOLLOWING THE first-half rise of nearly 11 per cent, pre-tax profits of the **Exchange Telegraph Company (Holdings)**, communications group, increased by 21.5 per cent from £2.56m to a record £3.11m for the year ended March 31, 1980. Turnover jumped to £72.06m, compared with £24.73m adjusted to include the restatement of advertising turnover in terms of billings.

The results include for the first time a full year's contribution from Wigmore Holdings and its subsidiaries (principally the Royds Advertising Group) acquired at the end of March, 1979.

Trading profits for the year advanced from £2.36m to £3.48m, before reduced associates' contributions of £145,000 (£211,000) but higher interest charges of £518,000 (£13,000).

A division breakdown of turnover and trading profits shows (with £000's omitted): sporting and financial news services £12,262 (£9,963) and £1,562 (£1,178); printing £12,356 (£9,403) and £327 (£655); advertising and public relations £44,198 (£2,497) and £1,116 (£102); other interests £3,245 (£2,871) and £476 (£426).

Earnings per 25p share were ahead by 9.5 per cent at 18.4p (16.8p), and the dividend total is raised nearly 16 per cent from 6.04675p to 7p net, with a final of 4.75p.

Tax charge was up from £1.07m to £1.35m and minorities took £24,000 this time. An extraordinary debit of £155,000 (nil) comprised redundancy and other costs in respect of the rationalisation of printing capacity and a profit on sale of a leasehold property.

Dividends absorbed £658,000 (£562,000) leaving a retained profit of £918,000, compared with £929,000.

● comment

A troubled year for the printing division held back group profits at Extel to a relatively modest advance, allowing for the impact of the Wigmore acquisition. The market responded by marking the shares down 2p to 159p, where they yield 6.5 per cent. Printing has now seen a major rationalisation. The extraordinary item reflects part of the cost, but the gross amount of perhaps £1m is netted off against profits on the associated sale of a leasehold property. Elsewhere, advertising has been held back by the television strike, while the declining demand for the Racing News Service has been more than offset by the growing popularity of Extel-PA Show. Associate income is down after a half-share in the loss of perhaps £200,000 from Fintel. Any substantial earnings from Prestel-related activities still looks two to three years away. The fully-taxed p/e is an historic 10.

Buckley's Brewery tops £1m

A SECOND half advance of £181,696 pushed taxable profit at **Buckley's Brewery** up from £808,624 to £1,022,145 for the year to March 20, 1980. Sales by the brewer and beer, wine and spirit merchant, grew from £7.29m to £8.05m.

After tax of £410,278 (£273,962) stated earnings per 25p share improved 0.7p to 5.7p. The net total dividend is stepped up to £2.35p (1.975p) by a 1.65p final.

The net surplus emerged at £611,867 (£534,662) which on a current cost basis was reduced to £413,581 (£399,929).

The historic retained balance was higher at £355,440, against £318,235.

Borthwick swings into loss and omits interim

THE COLLAPSE of U.S. imported beef prices in the second quarter pushed **Thomas Borthwick and Sons**, international meat trader, into taxable losses of £0.99m for the six months to March 31, 1980, compared with profits of £5.64m previously.

The interim dividend is being omitted—in the light of current market conditions, the directors have decided to delay any decision on payments until the full-year results are available. Last year's interim was 3.4p, followed by a final of 3.8p.

Mr. Bill Bullen, chairman, says it is extremely difficult to predict year-end results which will be dominated by the behaviour of the U.S. imported beef market. The picture can change rapidly but there can be little doubt that this will be a disappointing year, he adds. Pre-tax profits totalled £7.34m for 1978-79.

At the annual meeting in January, Mr. Bullen said first quarter results were a little ahead of target. He now says the unexpected collapse of imported beef prices in the closing weeks of the period cost the group some £6m. The sharp price change came when its works in Australia and New Zealand were building up stocks as the cattle season got into its stride.

New Zealand lamb marketing has been satisfactory, the chairman says. The large Iranian contract to supply 64,000 tons of lamb has proceeded, with shipments going according to schedule and prompt payment being received.

The project involving rationalisation of slaughtering in New Zealand with a change of ownership of the group's Waingawa Works has been terminated because of unfavourable conditions affecting the other party.

UK meat slaughtering, processing and importing operations were just as hard-hit as those in the U.S. The group is therefore well advanced with a programme of further heavy reduction of overheads.

This will mean the loss of more than 100 jobs and the closure of some locations in Britain—the restructuring and its costs will be completed before the year-end, the chairman adds.

Retailing in England and France—Matthews and Boucheries Bernard—continued its growth with a 17 per cent rise in operating profits, and the outlook appears good.

Midland Cattle Products suffered a sharp profits set back because of the world commodities position and a strong pound, together with severe inflation of energy costs.

The earlier recovery in flavours and essences, and food manufacturing has been slowed by continuing inflation and high interest rates, the latter falling back into losses. However, contracts have been signed to sell the loss-making catering business of Thwaites and Matthews.

There were stated losses per 50p share of 5.62p for the half-year, against earnings of 5.82p. Tax took £1.02m (£2.92m), giving a net deficit of 2.01m (£2.71m profit).

Turnover amounted to £297m, compared with £278m. The pre-tax loss was after share of an associate's profits up from £0.53m to £1.36m.

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Saga to lease industrial equipment

The directors of **Saga Holidays**, in considering how best to manage the company's substantial cash resources, have decided it will be advantageous to commence the business of industrial equipment leasing.

Apart from £7.5m from advance payments for holidays, the group had £3m funds invested, as at June 30, 1979, which the directors believe are at a level that can be used to achieve a greater rate of return, and to mitigate what is now a considerable annual tax charge.

They intend to enter into contracts of some £2m prior to June 30, 1980 year-end, and provided a suitable return is offered, the amount invested in the future will increase broadly in line with profitability.

London Sumatra pays 8p

INCLUDING trading profits of £8.29m, against £7.71m, from Indonesian subsidiaries, the 1979 pre-tax surplus of **London Sumatra Plantations** rose from £6.93m to £9.82m, and the dividend is lifted from 6p to 8p net with a final of 6p.

Turnover rose by £60,000 to £19.79m. The surplus includes investment income of £1.01m (£0.84m) and Malaysian profits up from £0.39m to £0.52m.

Tax again takes £4.17m, leaving stated earnings per 10p share up from 29.91p to 35.45p.

After extraordinary debits of £334,000 (£87,000) and lower exchange losses of £333,000 (£2.65m), there is an attributable surplus of £4.98m (£2.03m), of which £1.28m (£0.96m) is absorbed by dividends.

Comparative figures for 1978 have been restated to incorporate Indonesian results using the pre-devaluation exchange rate for rupiah profits up to November 15, 1978, and the year-end rate for post-devaluation profits.

UBM expands 104% to £12.2m

A SECOND half boost from £2.66m to £6.72m has left **UBM**, builders merchant, with record taxable profits of £12.24m for the year ended February 29, 1980, compared with £6.01m, a rise of 104 per cent. Sales improved by 9 per cent, or £22.6m, to £269.3m.

Although there were still benefits to come from action taken to reduce costs and improve efficiency, Mr. Michael Phillips, chairman, says that the group has experienced more difficult trading conditions in the current year, which he felt would continue at least through the greater part of the period.

UBM, however, is now in a much stronger position to face these conditions and take advantage of suitable opportunities to expand its businesses, he states.

On capital increased by last year's rights issue, earnings per 25p share are shown as 14p (8.7p), and the dividend is lifted to 5.6p (4.73p) net with a final payment of 3.5p—at the time of the issue directors expected to at least maintain the total.

UK trading conditions were generally good, Mr. Phillips explains. The merchant division achieved "an outstanding improvement in profitability," and although new housing activity continued to decline, and industrial and commercial building was at a relatively low level, the home improvement market was buoyant, he says.

Cash sales through UBM's showrooms and self-selection centres increased to £34m, and represents 20 per cent of sales of the merchant division. The combination of substantial cost reductions and improvements in productivity resulting from reorganisation together with the concentration of the group's buying power had a marked effect on margins, the chairman states. Excellent progress was also made by the scaffolding and motors divisions.

The group generated a substantial cash flow from trading activities and together with the rights issue, and the proceeds of sales of a number of businesses and surplus properties, has greatly reduced borrowings.

A revaluation of the group's freehold and leasehold properties at February 29, 1980 revealed a surplus of some £21m. The effect of this was that group borrowings at the year end amounted to £11.4m, being 18 per cent of shareholders' funds.

Tax for the year took £4.51m compared with £1.68m, and after an extraordinary debit of £445,000 (£880,000), the attributable balance was £7.29m (£3.45m). Dividends absorb £3.25m against £2.33m leaving the retained profit at £4.04m (£1.12m).

Extraordinary items comprised further amounts provided for the closure costs of the window contracting activities, less profits on the sales of businesses and surplus properties realised during the year.

In addition, trading losses of £800,000 were charged in respect of the window side—no further losses chargeable to revenue, are expected in the future.

● comment

It may be argued that, after such a long profits trough, UBM was due to come right but the recovery has at least been achieved in no uncertain way. On a pure spending power adjustment the 104 per cent-tax improvement does not take the largest independent builders merchant very far ahead of the 1974 peak yet, as far as it is possible, the group enters the recession with a reasonable degree of armour-plating. Cash generation last year amounted to over £3m which, with disposals and the 1979 rights issue proceeds, was sufficient to cut gearing to just 18 per cent. It was not so very long ago that UBM was 90 per cent borrowed. A strong cash position provides scope for expansion after so many years of conservatism and the after-sale market opportunities provided by the thus far flourishing Ford dealerships may be the route through which UBM will loosen its 75 per cent dependency on builders' merchanting. For the moment, of course, the stock market is more interested in a sustainable flow of income than capital growth—the group is sounding the now familiar cautions regarding the current year—but debt is forecast to rise by no more than £1.8m before February 1981 and there is no obvious pressure on a dividend covered 2.2 times by historic published earnings. The yield is 12.2 per cent at 69p, up ½p yesterday, and the p/e looks reasonably defensive at 4.6. The final cost of sales adjustment may make the CCA cover look less obviously healthy.

UK and Indonesian interests help Warren Plantation to £6.79m

SHARPLY improved performance from a recent UK acquisition and from its Indonesian estates enabled **Warren Plantation Holdings** to lift 1979 taxable profit by £0.99m to £6.79m. Although well down on the £10.9m peak reached in 1977, the outturn bettered the forecast of results similar to 1978, given by the company in January this year.

Midyear profit had fallen from £1.72m to £0.74m.

The company says it has made an encouraging start to 1980. Results from Joseph Mason, acquired in 1978, and DKS Containers are above budget and, despite national problems in Assam, the group's main tea growing area, tea production in India has not been disrupted.

"Prices for all commodities remain at profitable levels and the group's commodity and geographical spread should help to insulate it against a downturn in any particular area," the directors add.

Reflecting the benefits of diversification, operating profit of £6.28m (£5.12m) for 1979, before a share of associates of £0.51m (£0.68m) was derived, with £000s omitted, as to: UK £1,576 (£242); India £2,064 (£2,477); Kenya £1,393 (£1,437); Indonesia £1,173 (£657); Papua New Guinea £149 (£189); Australia loss £75 (nil) and Nigeria nil (£82).

Stated earnings per 25p share were up at 32.79p (30.92p) after tax of £3.72m (£2.98m) and a 7p net final dividend raises the total to 10p (8.25p).

After an extraordinary debit of £132,387 (credit £414,565) and dividends, which absorbed £0.84m (£0.69m), the retained balance emerged lower at £1.79m, against £2.32m.

Sales for the year reached £29.25m (£22.7m) with tea the main contributor at £14.04m (£13.82m) but surface coatings showed rapid growth from £1.41m to £6.28m. Coffee sales rose to £2.01m (£1.78m); rubber £1.56m (£1.02m); oil palm fruit £0.49m (£0.26m) and containers £3.44m (£2.74m). Turnover of goods and services was down at £1.44m (£1.67m).

Excluding the £1.1m spent on acquiring 51 per cent of Iffley Cotton Pty in Australia, capital expenditure during the year amounted to £1.77m. By year end total capital employed was up from £19.18m to £20.7m with the Australian development counter balancing the cut back in India from £6.31m to £4.77m.

'FAGS' PREF PAYMENT

Antofagasta (Chili) and Bolivia Railway is to pay on July 1 six months cash dividend of 1.75 per cent on the 5 per cent preference stock on account of arrears.

After this, the dividends on this stock will remain 12 months in arrear.

MAGNOLIA GROUP (MOULDINGS) LTD

Fine art mouldings, manufacturers and importers

"Pre-tax profits exceed £1 million"

At the Annual General Meeting held on 29th May, 1980, Mr. Raphael Wallrock, the Chairman, said:

* Pre-tax profits rose by over 15% to £1,122,179, the first time that we have passed the £1 million mark. After adjusting for the capitalisation issue net assets per share rose from 57.3p to 68.4p.
* The total dividend of 2.1p per share represents an increase of 81% over that paid for 1978 and is covered 5.8 times by earnings.
* The decision to build a new larger warehouse in Bradford has been fully justified and we are proceeding with several other projects including new premises in Edinburgh which are nearing completion.
* The short-term outlook provides some cause for concern and sales to date indicate that 1980 will not be easy. However, we have sufficient work in hand to keep the factories busy at present and can match the competition in terms of quality and range of products.

Comparative Results	Year to 31 December 79	Year to 31 December 78
	£'000	£'000
Group Sales	6,552	5,465
Profit before tax	1,122	972
Profit after tax	662	676
Earnings per share	12.20p	12.68p
Dividends per share	2.1p	1.16p

MGM

Magnolia Group (Mouldings) Ltd., Sutton Road, Rochford, Essex SS4 1NA

SECURITIES TRUST OF SCOTLAND LIMITED.

AITC A member of The Association of Investment Trust Companies

SUMMARY OF ANNUAL REPORT

YEAR ENDED 31ST MARCH

	1980	1979
Per Ordinary Share–		
Earnings	5.20p	3.64p
Dividend	4.80p	3.53p
Net Asset Value	107.5p	128.8p
Total Assets less Current Liabilities	£52.8m	£61.8m

Geographical Distribution of Portfolio

	UK	North America	Japan	Other Areas
Percentage	68.4	22.8	5.0	3.8

EXTRACTS FROM THE STATEMENT BY THE CHAIRMAN, Mr. J. G. Wallace FFA

Performance for Year to 31st March 1980.

- End of dividend restraints led to unusual buoyancy in revenue.
- Proposed dividend 36% up on last year.
- Net dividend increased 104.3% in last five years.
- Removal of dollar premium reduced sterling value of overseas assets.

Outlook

- Uncertainty in the U.K. with high inflation and interest rates.
- Opportunities overseas while sterling remains strong.
- Exemption from Capital Gains Tax constructive.
- Objective to maintain earnings and dividend progress.

Copies of the Report and Accounts may be obtained from the Managers and Secretaries,
MARTIN CURRIE & CO., C.A., 29 CHARLOTTE SQUARE, EDINBURGH EH2 4HA.

Greenall Whitley advances 25% in first six months

TAXABLE profits of **Greenall, Whitley and Company**, brewer, bottler and distiller, rose by more than 25 per cent to £8.29m in the six months to March 28, 1980, compared with £6.61m last time.

Beer volume shows an increase on last year, say the directors, and they are encouraged by the results from all the group's activities so far in the second half. But they warn that in the short term, recent excise duty increases on top of other inflationary pressures on prices may well curb demand. In the last full year, profits advanced from £11.54m to £16.07m.

The interim dividend is increased to 3p (1.5304p) on ordinary shares and 0.6p (0.306p) on "A" ordinary shares. There will be no second interim payment this year, state the directors, but they forecast a final which will lift the total by not less than 19 per cent, making at least 6.2475p (5.25p) on ordinary, and 1.2495p (1.05p) on "A" ordinary shares.

Taking advantage of a strong cash position, the group has repaid £5m of short term loans in the first half, resulting in a lower interest charge of £1.16m (£1.43m), and has subsequently repaid a further £4m.

The pre-tax profit is also struck after repairs to properties amounting to £2.22m (£1.8m) and depreciation of £1.96m (£1.46m) but includes investment and short term interest of £193,000 (£100,000). Turnover rose from £79.38m to £88.38m.

After tax of £3.06m, against £2.38m, earnings are shown as 9.11p (7.28p) on the 25p ordinary shares, and 1.82p (1.46p) on the 5p "A" ordinary shares. Dividends absorb £1.66m (£1.52m).

● comment

The 25.5 per cent profits increase at **Greenall Whitley** surprised the City soothsayers and left the ordinary shares up 7p at 185p. The figures are flattered slightly by a higher level of forward deliveries ahead of Easter but, offsetting this is the exceptional benefit derived from the Allied strike last year. Greenall has probably added some market share but its most impressive achievement has been to improve margins on the non-beer activities. Its hotels have maintained good occupancy levels and a progressive switch to own-product wines has helped the wines and spirits division. Greenall is treading carefully on the Shipstone acquisition — Shipstone pubs have a high barrelage and the group does not wish to jeopardise this by extensive modernisation. In consequence, cash flow has been used to reduce borrowings — down by £9m to around £16m. With a good summer in view, Greenall could nudge £20m for the full year, which would leave the forecast dividend covered more than 2½ times by fully taxed earnings. The shares yield 4.9 per cent.

Wheway Watson

The steel strike has eaten into profits of **Wheway Watson Holdings**, the chainmakers, engineers and forgers.

The board estimates that as a result of the strie reduction in profit for the year to March 29, 1980, is of the order of £250,000.

Pre-tax profits for the year are indicated at around £510,000, after interest of £453,000 (£249,000).

These figures incorporate results of Joseph Shakespeare, taken over in February this year, reflecting a break-even situation.

The audited accounts will be considered at a meeting on June 24.

Meanwhile, the directors intend to recommend payment of the forecast final dividend. At the interim stage they anticipated the dividend for the year would be increased by 12½ per cent. The previous year's total was 1.0047p.

Causton moves up to £502,000

TAXABLE GROUP profit of printers and publishers **Sir Joseph Causton and Sons** was ahead 43 per cent to £502,000 after interest charges, from £351,000, for the half year to March 31, 1980. Interest of £68,000 (£152,000) paid this time was considerably lower than previously, as a result of last year's one for three rights issue and property sale.

Causton Cartons, Causton Publishing and Eastern Press provided most of the group's profit growth. The performance of the other divisions was satisfactory.

Against a difficult economic background and some trade union disruption during April and May, the short term outlook is uncertain, the board warns. However, it remains confident that the long term prospects are good.

Group turnover for the period was £5.09m (£4.3m), after taking out material content of £1.9m (£1.7m).

Tax for the half year was £165,000 (£79,000), having been reduced by losses brought forward and by the excess of capital allowances over depreciation.

After tax and an extraordinary debit of £8,000 (£11,000) pertaining to redundancy payments, net interim profit of the group was £329,000 compared with £261,000 last time.

The board has declared an interim dividend of 0.7836p per share (1.1194p gross), maintaining the gross at the level paid last year.

Pyramid dividend is raised

Despite a fall in pre-tax profits for 1979 from £249,637 to £210,788, **Pyramid Group (Publishers)** is paying a slightly bigger dividend.

Final payment is 2.223p (2.18433p), which makes a total for the year of 2.8p net, compared with 2.73633p.

A special dividend of 3.5p net per share was paid at the end of March in view of notice that Pyramid has been a "close company" since late 1976.

Turnover during the year rose from £1,369,805 to £1,415,384 and interest received increased by £23,072 to £85,003.

Profit attributable to the group, after extraordinary credits of £78,456 (£78,457), fell £13,459 to £175,767.

The tax charge for the period was down from £138,868 to £113,202.

Earnings per 10p share before the extraordinary item are given as 4.9p against 5.5p. After extraordinary item the figures are 8.8p, compared with 9.5p.

Hay's Wharf rises 34%

LARGELY according to plan, taxable profits of **Proprietors of Hay's Wharf** expanded by 34 per cent from £2.26m to £2.99m for the six months ended March 31, 1980, on turnover of £39.9m against £30.6m, a rise of 30 per cent.

The directors say there are signs that during the current half there will be a cut back in demand for the services of the group's storage, distribution and bottling companies, as customers take steps to reduce stock levels because of high interest rates. However, they feel it is too early to tell how far this will affect profits for the second six months.

In the longer term, earnings should benefit from the group's current capital expenditure programme and from disposals of low-yielding assets, they add.

Despite the 1978-79 first half being affected by the industrial troubles, the full year's profits finished at a record £5.35m.

On capital increased by last July's rights issue, stated first half 1979-80 earnings per £1 share are 12.43p (11.59p) and, partly to reduce disparity, the net interim dividend is 2.58p, as forecast, compared with 1.72p—also forecast at the time of the rights was a maintained final payment of 4.63p, which would lift the total to 7.21p (6.35p).

After tax of £271,000 against £178,000, net profits came through ahead at £2.72m (£2.09m).

Trading companies were little affected by the steel strike, the directors state, but the Belgium side continued to experience difficult trading conditions.

Good progress was made, however, in restructuring these companies and since the end of March contracts have been exchanged for the sale of Beaumaine International SA, on satisfactory terms—trading losses to date of sale have been provided for in the accounts.

Some further investment was made to increase the storage and spirits bottling capacity of Strathleven Bonded Warehouses, and in the development of new document storage premises for Hays Business Services.

Since the end of the first six months, the oils and chemicals division has extended its chemical merchanting facilities by the acquisition of Chemical Specialists (Polmont), based near Falkirk.

The capital expenditure programme, authorised following the rights issue, is now being put into effect, directors state, and will begin to earn revenue during the 1980-81 year, directors state.

Pre-tax profits were struck after depreciation £1.29m (£1.05m), interest £836,000 (£920,000), and pre-operational and exceptional interest of £97,000 (£29,000), and included associates' share of £7,000 (£32,000).

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN C	F.260	4	26.50	—	—	—	—	F.286
ABN C	F.280	5	12	6	17	—	—	"
ABN C	F.300	—	—	8	8.40	—	—	"
ABN C	F.310	1	1.60	—	—	—	—	"
AKZ C	F.22.50	10	2.50	20	3.20	—	—	F.23.90
AKZ C	F.25	70	0.80	12	1.50	21	2.50	"
ARB C	F.60	—	—	1	5.80	—	—	F.62.20
FNC C	$20	3	1⅞	—	—	—	—	$21
HEI C	F.60	—	—	2	6.50	—	—	F.62.70
HEI C	F.65	2	1.70	2	4.50	—	—	"
KLM C	F.60	144	10	47	11.50	—	—	F.68.80
KLM C	F.70	262	4	61	6	10	5.90	"
KLM C	F.80	182	1.20	142	2.60	—	—	"
KLM P	F.60	90	0.70	—	—	—	—	"
KLM P	F.70	17	5.70	—	—	—	—	"
KLM P	F.80	12	11.50	—	—	—	—	"
NN C	F.100	5	20.80	—	—	—	—	F.122.50
NN C	F.110	9	12.70	10	12	—	—	"
NN C	F.115	65	7.50	5	6.80	—	—	"
NN C	F.120	46	3.40	34	4.60	—	—	"
NN P	F.100	—	—	5	1	—	—	"
NN P	F.120	—	—	1	5.30	—	—	"
PET C	Fr.5500	—	—	1	260	—	—	Fr.5300
PHI C	F.17.50	—	—	10	1.80	3	2.30	F.18.30
PHI C	F.20	—	—	3	0.70	50	1.20	"
PHI P	F.20	—	—	10	1.80	—	—	"
PRD C	$25	1	1⅛	—	—	—	—	$23⅞
RD C	F.150	11	13.50	34	15	20	16	F.161.90
RD C	F.160	305	5.80	96	8	6	9.50	"
RD C	F.170	123	1.50	23	3.50	—	—	"
RD P	F.140	44	0.30	42	1	—	—	"
RD P	F.150	106	1	1	5.80	20	5	"
RD P	F.160	32	3.70	25	8.20	—	—	"
UNI C	F.105	5	6.10	—	—	—	—	F.109.10
UNI C	F.120	—	—	2	1.50	2	2.50	"
UNI P	F.105	40	0.70	—	—	—	—	"
UNI P	F.110	—	—	1	3.50	—	—	"
XRX C	$70	—	—	10	⅝	—	—	$57⅜
		Aug.		Nov.		Feb.		
OXY C	$25	—	—	5	3	—	—	$25¼
SLB C	$100	3	13½	—	—	—	—	$110⅞
SLB C	$120	6	2[illegible]	—	—	—	—	"
		June		Sept.		Dec.		
GM C	$45	—	—	1	5⅞	—	—	$46
S C	$15	1	2⅛	—	—	—	—	$18¼

TOTAL VOLUME IN CONTRACTS 2354

C=Call P=Put

This announcement appears as a matter of record only.

May 1980

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INTERNATIONAL FINANCE N.V.

Curaçao, Netherlands Antilles

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LONRHO LIMITED, London, England

Swiss Francs 60,000,000

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Banque Keyser Ullmann en Suisse S.A. — Nordfinanz-Bank Zürich — Kredietbank (Suisse) S.A.

Banca Unione di Credito
Bank Landau & Kimche AG
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Sumitomo International Finance AG
Bank Heusser & Cie AG
Banque de Dépôts et de Gestion
Société Générale Alsacienne de Banque Zürich/Genève – Groupe Société Générale –

Clariden Bank
Armand von Ernst & Cie AG
Bank und Finanz-Institut AG
Caisse d'Epargne du Valais
Fuji Bank (Schweiz) AG
Hypotheken- und Handelsbank Winterthur
Morgan Grenfell (Switzerland) S.A.

Lloyds Bank International Ltd.
Banco di Roma per la Svizzera
Banque de l'Indochine et de Suez, Succursale de Lausanne
CIAL. Crédit Industriel d'Alsace et de Lorraine
Gewerbebank Baden
Maerki Baumann & Co. AG
Sparkasse Schwyz

هكذا من الأصل

Documents continue to bombard Ewer holders

DOCUMENTS CONTINUE to pour through the letterboxes of shareholders in George Ewer, the coach operator which is battling to fight off a bid from T. Cowie, the motor distributor.

Yesterday the various parties posted: Ewer's interim results; Ewer's detailed rejection of the Cowie bid; and Cowie's second attempt to dissuade Ewer from buying Eastern Tractors.

Figures for the half year to the end of March show that Ewer's turnover rose from £11.1m to £14.1m and pre-tax profits rose from £270,000 to £312,000, despite a jump in interest charges from £72,000 to £127,000. Below the line sales of properties for £1.4m produced an extraordinary profit of £845,000.

No forecast is provided for the full year but Mr. Henry Ewer, the chairman, said the second half should benefit from the interest savings made possible by the property sales. It is also traditionally the better period for coach hire.

Meanwhile the interim dividend is to be increased from 0.5p net to 1p.

The figures are accompanied by a letter from Mr. Ewer which compares this profit performance with that of Cowie which recently announced a 13.8 per cent profit fall for the same period.

Mr. Ewer argues that Cowie is trying to buy the company for less than net asset value which he puts at 54.7p as at the last balance sheet. Cowie's offer is for 52½p.

Mr. Ewer also denies there is any commercial logic to Cowie's proposed merger. He does not accept that Cowie's showroom network would materially improve Ewer's hire car business which, he says, already has an adequate range of outlets through Budget Rent-a-Car.

He also denies any benefit from Cowie's leasing and contract hire involvement, claiming that Ewer believes it more sensible to remain a free agent rather than operate an in-house finance company.

The letter from Mr. Tom Cowie to Ewer's shareholders concentrates on reasons why he opposes Ewer's proposed acquisition for Eastern Tractors. His own offer is conditional upon the failure of the Tractors bid.

Mr. Cowie points out that Tractors had an attributable net loss last year of £244,000 despite a pre-tax profit of £10,369. Most of the loss relates to a provision for a problem associate company. He also notes that, if it stays independent, Tractors will not be paying a dividend this year although if Ewer takes it over Tractors' holders will receive £61,000 as their share of Ewer's dividends.

Mr. Cowie also stresses the increase in Ewer's borrowings which would result from the acquisition. Tractors has borrowings of over £2m.

COSTAIN'S U.S. ACQUISITION

Costain Group has acquired Consolidated X-ray Service Corporation, of Dallas, Texas. The cost is $3.2m and a further amount, not exceeding $700,000, is payable when results for the year ended June 30, 1980, are known. For nine months to March 31 turnover was $9m and profit before tax $900,000.

Consolidated provides non-destructive testing services to customers principally in energy and chemical process industries. Within this area gas transmision and pipeline construction industry accounts for the greater part of the business.

Costain anticipates that this company will have a somewhat similar customer base to Trend Construction Corporation, acquired in July 1979, and which builds compressor stations and gas processing facilities.

Tilling's £8m U.S. purchase

Thomas Tilling, the diversified UK industrial group, is adding yet another company to its recent string of U.S. acquisitions with the $18.5m (nearly £8m) purchase of Badgerf Northland, a Wisconsin-based maker of farm equipment.

Badger, formerly a subsidiary of Massey-Ferguson, earned profits before interest and tax of $3.6m in the year to October 31, 1979, on sales of $35.1m.

The company's asset value at that date was $22.5m before deducting inter-company loans, whose repayment is included in the purchase price.

Badger's product range covers livestock feeding and farm waste disposal equipment and systems including silo unloaders, feeders and conveyors, and barn cleaners.

Tilling's present interests in the farm equipment market are managed through the Gascoigne Group, which has operating companies in Britain, Belgium, Denmark, France and West Germany.

The Badger range, although designed for the American market, will complement that of Gascoigne, Tilling said.

INTL. BASIC/ BOOKER

Shareholders of International Basic Economy Corporation, of the U.S., are to vote on June 30 on the company's proposed merger into a unit of Booker McConnell, of the UK.

Public holders of 1.2m International shares would receive $8.4 per share.

Christy Bros. names behind bid

BY RAY MAUGHAN

IF THE £600,000 bid by stockbrokers Simon and Coates for engineering group, Christy Bros., is accepted in full, British and Commonwealth Shipping, through its Mentieth Investment Trust subsidiary, will hold 20 per cent of the equity.

Other substantial shareholders lined up by the firm include The Representative Body of the Church of Ireland which will hold 12.5 per cent. Simon and Coates is acting as principal in the bid but has fully underwritten the offer. The firm's private clients will control 25.25 per cent of the equity and the former Armstrong Equipment director designated to represent the new investors on the Christy board, Mr. J. Dyer, will, in conjunction with his wife, maintain his near-10 per cent involvement.

The stockbroking firm and its clients already hold 20.5 per cent of the shares and believe that Christy "may well require further capital either immediately or in the near future." The details of the group's misfortunes, chronicled in the offer document, will be only too painfully apparent to shareholders who are being asked to accept a cash bid of 30p per share.

For the moment, the Christy board is counselling shareholders to take no action ahead of a detailed defence to be published before the stockbroker's offer closes on June 13.

Simon and Coates will attempt to maintain the listing of Christy's ordinary and preference share capital and, to this end, all Christy shares acquired in connection with the offer or purchased by the firm itself will be sold to investment clients at a maximum price of 31½p per share.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim: Wolverhampton and Dudley Breweries.

Finals: Airflow Streamlines, Capital and Counties Property, Chapman (Balham), Cope Sportswear, London and Overseas Freighters, Minster Assets, Western Brothers.

FUTURE DATES

Interims—	
French (Thomas)	June 12
Griqualand Exploration and Finance	June 4
Stilfontein Gold Mining	June 4
United States & General Tst.	June 11
W. Rand Consolidated Mines	June 4
Finals—	
Brown (John)	July 25
Buffelsfontein Gold Mining	June 4
Clydesdale (Transvaal) Collieries	June 4
Country Gentlemen's Assocn.	June 27
Cullen's Stores	June 5
Fortnum and Mason	†June 16
Oceana Development Inv. Tst.	June 4
Plysu	June 5
Sentrust Beperk	June 4
Tanks Consolidated Invests.	June 3
Trans-Natal Coal Corporation	June 4
Triefus	June 6
Wheway Watson	June 24

† Amended.

DUBILIER TERMS FOR FLIGHT

Details of Dubilier's $2.5m (£1.1m) proposed acquisition of U.S. aeronautical industry supplier Flight Connector Corporation, were posted yesterday to shareholders.

Some £920,000 is to be raised by means of a placing at 46p per share to be arranged by Hambros Bank—the Board explaining that this was thought to provide "more advantageous terms" than a rights issue.

The remainder, plus the special $500,000 incentive fee payable to Mr. Irving Zeiger, Flight's chief executive, are to be made by drawing on a new $15m, seven-year Eurodollar loan which carries interest at 1 per cent over London Interbank Offer Rate.

Mr. Ronald Hooker, Dubilier's chairman, indicates that further tranches of this loan will be employed in expansion of Flight's products and working capital base.

This will, in the short term, reduce profits of Flight which, following a study by accountants Peat Marwick Mitchell, are said to have amounted to not-less-than $800,000 for the year to end-February on turnover of approximately $4.5m.

RTZ chief sees change in investment sentiment

BY GEORGE MILLING-STANLEY

SIR MARK TURNER, chairman of Rio Tinto-Zinc, sounded an optimistic note on the future prospects of the mining industry in a paper presented in London yesterday, in contrast with the low-key approach he adopted at the London mining house's annual meeting earlier this week.

After outlining what he called the conventional wisdom approach to assessing the immediate future of the industry, Sir Mark rejected the arguments for gloom and told a joint meeting of the Institution of Mining and Metallurgy and the American Institution of Mining Engineers that "with determination, it should be possible to make real progress."

In a paper under the title of "New mine development in an uncertain world," Sir Mark gave three specific reasons why he believes that a change in sentiment is taking place. These concerned the recent rate of exploration for new ore bodies, the entry of the cash-rich oil companies into the mining business, and moves by the mining houses to re-examine existing undeveloped properties.

On the first of these, Sir Mark pointed out that at present, more potential ore bodies are known about than in any previous comparable period. "It is not a case of not having enough potential supply, but solely a question of the price of the metal, and this too has assumed a new significance," he said.

The feasibility of mining large low-grade copper ore bodies is no longer dependent solely on the price of copper, as many of them are associated with other metals — gold, silver and molybdenum, for example—which, because of the higher prices they now enjoy, have completely altered the picture.

Sir Mark gave several examples from current operations of RTZ, notably Bougainville, in Papua New Guinea. Primarily regarded as a copper mine, Bougainville last year derived revenues of $192m (£81m) from its by-products gold and silver, compared with $285m from copper. The gold lying on top of the copper deposits at Ok Tedi, also in Papua New Guinea, will generate an immediate and important cash flow which will significantly affect the development of the copper, he added.

On the subject of oil companies, Sir Mark echoed the remarks given to the conference earlier in the week by Dr. Jack Birks, a director of BP, to the effect that the oil industry is likely to play an increasing part in the development of mining in future.

He pointed to several recent acquisitions by oil companies of mining concerns—Shell/Billiton, Standard Oil of Indiana/Cyprus Mines, Atlantic Richfield/Anaconda—and the establishment of mining divisions and subsidiaries, for example by Exxon and BP, and said that "with oil prices escalating and earnings and cash flow expanding rapidly, I have no doubt they will meet capital costs from their own resources."

Sir Mark feels that it is perhaps a consequence of the growing interest of the oil companies in metal mining that there has been a move over the last year by the mining houses to re-examine some of their existing undeveloped properties.

He referred to work that is currently being done in Canada, Chile and Peru to re-assess the viability of known ore bodies and update feasibility studies, and mentioned RTZ's own recent agreement with the Panama Government to re-examine the Cerro Colorado copper deposits.

As a further ground for his comparatively hopeful attitude, Sir Mark pointed to the need to accelerate the efforts of the Western industrialised world to improve the living standards of the Third World countries. This need is currently being recognised in schemes to stabilise commodity prices, notably through buffer stocks, and the provision of aid to mining schemes through the Lome II Convention.

Cerro Colorado move causes surprise

THE NEWS that Rio Tinto Zinc has reached agreement in principle with the Panama Government to re-examine the potential of the giant Cerro Colorado copper deposit has aroused considerable interest among other copper producers.

Mr. Charles Barber, chairman of Asarco, expressed some surprise at RTZ's move in London yesterday, and said that under current conditions one cannot prudently assume a copper price high enough to justify the development of deposits of this type.

Basing his arguments on extrapolations of Asarco's own experience with the Cuajone project in Peru, Mr. Barber told yesterday's session of a conference on the National and International Management of Mineral Resources that if the development of Cuajone were to be considered today, investors would have to assume a copper price in 1980 dollars of between $2.35 and $2.70 per lb. to yield a 15 per cent return. The metal is currently selling in New York for less than $1 per lb.

Mr. Barber added: "Considering the implications of these figures, it is no wonder that Texasgulf recently announced that it would not submit a proposal for the development of the Cerro Colorado project."

Until the outlook for copper prices improves sharply, Mr. Barber said, consumers will have to rely on the expansion of existing mines, the development of smaller, relatively high-grade deposits, and on mines such as Ok Tedi and Asarco's Troy mine in Montana, which have respectively significant amounts of gold and silver.

Silvermines to raise £2.2m

SILVERMINES, the Irish natural resources and industrial group, poised itself for further growth when yesterday it announced a two-for-seven rights issue at IR 110p (98p) to raise IR £2.5m (£2.22m).

The announcement was accompanied by a declaration of pre-tax profits of IR £1.69m for 1979, a 242 per cent increase in earnings of IR £495,771 in 1978. Last year's net figure was swollen by an extraordinary profit of IR £916,692 arising from the disposal of freehold properties.

The group is declaring a final dividend of IR 2p, bringing the total for the year to IR 3p, double the distribution for 1978. It expects to pay a dividend of IR 3p for 1980 on the enlarged capital.

The object of the rights issue, Silvermines explained, is to strengthen the equity base in order to take advantage of investment opportunities as they arise. The group expects soon to announce details of another industrial investment.

Over the last year Silvermines drew benefit from profits growth at Mogul of Irleand, the zinc-lead producer in which it has a 25 per cent stake, and Anglian Windows, in which its stake is 26 per cent. It received higher royalties from the barytes operations of Magcobar (Ireland).

REPORTS TO MEETINGS

Charterhouse to seek listing for oil side

THE Charterhouse Group, the investment and banking company with large industrial interests, is intending to obtain a listing for the stock of Charterhouse Petroleum Development, the group's own oil exploration and production company, later in the summer.

Charterhouse intends to retain between 40 and 49 per cent of the enlarged equity of Charterhouse Petroleum as "a long term holding."

Mr. Nigel Mobbs, Charterhouse's chairman, told shareholders at yesterday's annual general meeting that "we are not selling out of oil but creating a new independent British oil company which will be free to exploit new opportunities as they arise and establish a true value for the group's oil interests. It will also ensure that the very significant costs of developing oil discoveries will not be a burden on the group's ability to expand in other areas of activity."

"At present the full details of this issue are still being discussed," he added. "Further particulars of this issue will be sent to shareholders in due course if your board decides to proceed with the flotation."

Commenting on the group's £39.6m agreed bid for Keyser Ullmann, Mr. Mobbs pointed out that Charterhouse "is again becoming an investment and banking group. To achieve this objective it is essential that the banking interests should be large enough to effectively serve customers' requirements. This could be achieved by the allocation of funds from the group but this would mean that growth of the bank would be slow and group resources would have been stretched as capital injections adversely affect gearing without the balance of compensating assets.

He said that the acquisition of Keyser Ullmann would provide Charterhouse's banking subsidiary, Charterhouse Japhet, with an opportunity to increase the base of the banking operations.

Shareholders will receive further information on the acquisition in about four weeks and be asked to approve the necessary increase in share capital at an extraordinary general meeting later in July.

On current trading within the Charterhouse Group, Mr. Mobbs said that despite "somewhat pessimistic business conditions, I am pleased to be able to report that the group's results for the first three months of the current year have exceeded expectations."

He added that the group was looking forward to a better year for profits in 1980 "which should again be materially assisted by increased oil revenues even though such profits are more highly taxed than other profits."

After the meeting Mr. Mobbs said that the group had been advised that there would be no problems with the influential Accepting Houses Committee over the group's takeover of Keyser.

Unlike Charterhouse Japhet, Keyser Ullmann is not a member of the Accepting Houses Committee.

Meanwhile Grieveson Grant and Co., as associates of Charterhouse, have bought the following Keyser Ullmann ordinary shares on behalf of discretionary investment clients: 65,000 at 75p, 25,000 at 73p. Grieveson Grant have also bought 128 ordinary of Charterhouse on behalf of Charterhouse Japhet (account/client).

At other annual meetings, the chairman reported as follows:

London and Scottish Marine Oil: Mr. Geoffrey Searle said the company was expecting the third Ninian field platform to start production in July of this year. The platform, in the north of the field, would supplement the central and southern platforms which had been producing an average of just under 210,000 barrels per day so far this year.

The chairman told members that the rate of drilling had recently improved considerably and denied that there were significant reservoir problems on the field. LSMO has a 7.8 per cent interest in Ninian.

Answering a shareholder's question, Mr. Searle said he expected production plans for blocks 16/17, the "T block," to be laid "towards the end of this year." LSMO has an 8.52 per cent holding in the block through Oil Exploration (Holdings), which merged with LSMO last year.

With LSMO now benefiting from Ninian cash flow, Mr. Searle said the company planned a substantial repayment of bank borrowings next month. He declined to specify, however, when precisely LSMO would repay its 14 per cent loan stock, which falls due between 1981 and 1983.

Mr. Searle told the meeting that the rate of increase in Ninian production would slow this year, while sales from the Hewett gas field would be maintained in cash terms only.

LSMO acquired further properties in Kansas in January of this year and Mr. Searle said they have increased production by around 50 per cent to 1,500 b/d. LMSO is striving to improve the efficiency of its U.S. operations but the chairman stressed that this would not produce a dramatic increase in production.

BICC: Sir Raymond Pennock stated that sales and orders for the first four months of 1980 had held up well and the group's performance in this period was up to expectations both at home and abroad. The board, therefore remained confident that first-half results would be satisfactory.

However, in the last few weeks there had been a sharp decline in the level of the group's UK business and a narrowing of margins at home and abroad, and these factors were expected to adversely affect its second-half performance.

Bruntons (Musselburgh): Mr. A. S. Wood said the improvement in volume output had continued throughout the first five months of this year and June also would be a good month. Because of the adverse factors affecting the UK steel wire, steel strip and wire rope industries, he added that it was not possible to forecast the second-half performance, but repeated that he was not pessimistic about the full year's results.

It was intended to pay an interim dividend of 4.25p net per share on October 31, compared with 3.79p last time.

Freemans (London S.W.9): Mr. A. Rampton said trade for the mail order group in the early months of thi syear had continued to be as difficult as in the latter months of last year and at present the group was not meeting its sales targets. The sharp increase in VAT last June may still be playing its part in reducing demand, but this effect should be coming to an end, he added. If all other things were equal he should be expressing confidence in a much better second half.

Magnolia Group (Mouldings): Mr. R. Wallrock reported that the company's latest sales figures confirmed his belief that the current year would be tough, and while every effort would be made to achieve the 1980 budget, in his opinion the company would be doing well to show even a modest increase on its 1979 results.

SPAIN

May 29	Price %	+ or —
Banco Bilbao	210	+2
Banco Central	238	+2
Banco Exterior	210	
Banco Hispano	209	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	257	+5
Banco Urquijo	150	
Banco Vizcaya	219	+2
Banco Zaragoza	200	
Dragados	84	−2
Espanola Zinc	60	
Fecsa	61.2	
Gal. Preciados	26	
Hidrola	66.5	
Iberduero	61.7	−0.3
Petroleos	111	
Petroliber	59	
Sogefisa	107	
Telefonica	53.5	−1
Union Elect.	66.5	−0.2

The Orion

Insurance Company Limited

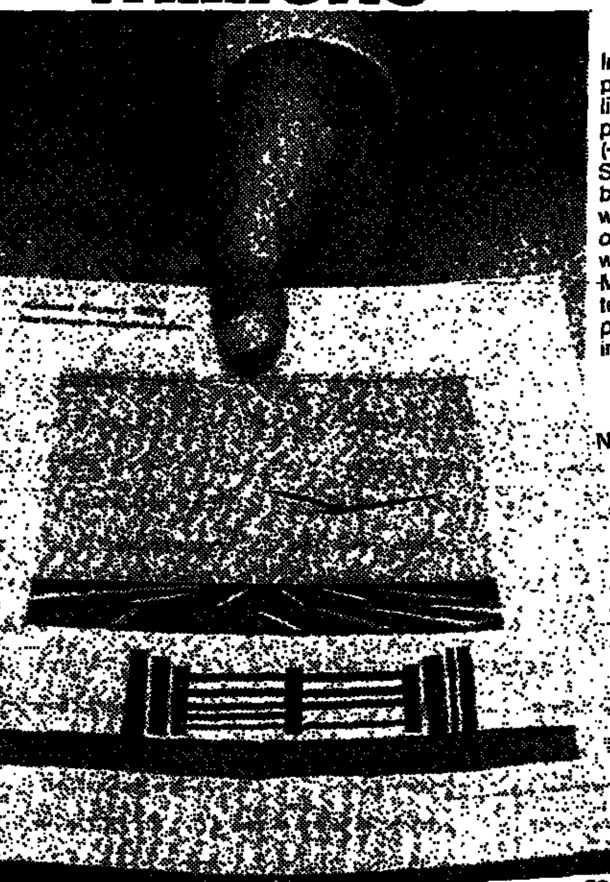
Results for the Year ended 31 December 1979

	1979	1978
PRE-TAX PROFITS	£ 4.8m	£ 4.1m
TOTAL PREMIUMS	£27.8m	£25.2m
INVESTMENT INCOME	£ 6.0m	£ 5.1m
UNDERWRITING RESULT	−£ 0.7m	−£ 0.5m
TOTAL ASSETS	£89.9m	£89.2m

Copies of the full Report, Accounts and Chairman's Statement can be obtained from The Orion Insurance Company Limited, 70/72 King William Street, London EC4N 7BT.

Orion is a member of the Nationale-Nederlanden International Insurance Group

"The book of the year... following the fortunes of a Dutch company across four continents... the risks, the profits... a revealing account involving millions"



The annual report of an insurance group shouldn't make dull reading. If it's Nationale-Nederlanden. Despite inflation and recession, 1979 was a year of continued growth. Net profits increased by around 22%. Shareholders will receive a dividend of DFls 5.80 per share plus a bonus of 10%. The bonus share will also qualify for the 1979 dividend.

Performance

Further internationalisation of the group's activities played a large part in the year's growth. Following a successful bid for America's Life of Georgia, Nationale-Nederlanden now counts four life and two non-life companies among its U.S. interests. Together, they contribute 15.5% of total premium income, and the Life of Georgia added substantially to the increase in revenue, which rose 18% in 1979. The group also acquired the Australian portfolio of Yorkshire General Life and the Proodos Insurance Company in Greece.

Management Skills

Nationale-Nederlanden's dynamism in business is tempered by caution in underwriting. Preferring quality to quantity.

Highlights	1979 (in £'000,000)	1979 (in DFls '000,000)	1978 (in DFls '000,000)
Revenue	1 632	6 898	5 854
Profit before tax	107	453	353
Net Profit	71	302	248
Dividend	22	92	75
Total Assets	6 320	26 716	22 449
Net Assets	507	2 143	2 194

(rate of exchange at 31 December 1979 £1 = DFls 4.227)

The group's involvement in last year's hurricane disasters was limited. In the United Kingdom prudent underwriting left The Orion Insurance Company virtually unaffected by the unusual losses affecting Lloyd's and the London markets.

In brief, Orion's final figures showed premium income up 10% to £27.8 million, investment income up 20% and profits before tax reach £4.8 million (+17%). Total assets £89.9 million. Significant progress was also made by The Life Association of Scotland with increased premium income by over 24%. A record bonus of £6 million was distributed to policyholders. Merchant Investors Assurance reported a strong growth pattern with a new premium increase of 43% and a 61% increase in pension premiums.

Solid

Nationale-Nederlanden's strong home base (it's the largest insurance group in the Netherlands) helped in weathering the downturn in non-life results abroad. The indications are that growth in revenue and profitability will continue through 1980.

Copies of the Annual Report in English can be obtained from: The Orion Insurance Company Ltd., 70-72 King William Street, London EC4N 7BT The Life Association of Scotland Ltd., 10 George Street, Edinburgh EH2 2YH Merchant Investors Assurance Company Ltd., Leon House, 233 High Street, Croydon CR9 1LP and at Nationale-Nederlanden International Division 15 Prinses Beatrixlaan, 2595 AK The Hague, the Netherlands.

Nationale-Nederlanden

Nationale-Nederlanden. Branches or associated companies in Belgium, Greece, Norway, the United Kingdom, the Republic of Ireland, Spain, Canada, the United States of America, Surinam, the Netherlands Antilles, South Africa, Australia, Indonesia, Malaysia, Philippines, Singapore and general agencies in Denmark, Oman, Saudi Arabia, the United Arab Emirates and other countries.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

AMC to reduce capital spending

By Ian Hargreaves in New York

AMERICAN MOTORS, the smallest of the U.S. motor companies, is cutting capital spending by 15 per cent this year in response to slumping vehicle demand and the resultant financial pressures on the company.

Mr. Wilson Sick, the company's head of finance, said the economies would not affect the planned joint venture with Renault of France, but he declined to specify where the $15m of savings would be found.

AMC is forecasting a "sizeable loss" for its third fiscal quarter ending in June and for the whole year.

The company's sales of its crucial Jeep line have been badly hit as buyers have sought more fuel efficient vehicles. Sales in the current model year since last October 1 have been almost halved compared with the same period of the 1978-79 model year.

Car sales, helped by the sale of Renault imports, were still running ahead of the previous year's rate up to the end of April, but AMC has been hard hit, like the other U.S. manufacturers, by high interest rates.

AMC and Renault plan to start joint manufacture of a mid-range passenger car in the U.S. in 1982 and around the same period in Mexico.

Sea Containers predicts strong upturn to $50m

BY DAVID LASCELLES IN NEW YORK

SEA CONTAINERS, the large U.S. container- and ship-leasing concern, predicted yesterday that its net income this year will be about $50m, compared with $31.5m (equivalent to $3.68 a share) last year.

Also Mr. James Sherwood, the president, said at the company's annual meeting that a significant increase in 1981 earnings was expected. He added that if the earnings forecast for this year was met, the company would raise its dividend.

Sea Containers has been hard hit in recent years by overcapacity in the conntainer shipping business and it is currently negotiating to sell more than a third of its fleet to raise about $100m.

This should reduce its heavy debt load, much of it at floating rates, which is benefiting anyway from the recent sharp decline in U.S. interest rates. The group ended 1979 with a debt/equity ratio of almost 3:1 and with 64 per cent—or $292m—of this at floating rates.

Mr. Sherwood said that Sea Containers had concluded $55m of the planned $100m ship sales for this year and that a further $20m of sales was close to being completed. The company has said previously that it expected to realise a $20m profit from the sales if all were completed and that it would repay $50m of its floating rate debt.

Yesterday Mr. Sherwood said that the group planned to tap the debt markets later this year.

On trade, Mr. Sherwood said that the company had seen "absolutely no sign" of the recession in the U.S. affecting world trade. U.S. exports were "booming" he said, and the rate of utilisation of its container and chassis leasing operations was 90 per cent because of the high level of U.S. exports.

The company is currently trying to develop more specialised containers for which demand has remained strong.

First Pennsylvania rescue package wins approval

BY OUR FINANCIAL STAFF

SHAREHOLDERS OF First Pennsylvania Corporation, holding company for the 23rd largest U.S. bank, have approved a $1.5bn aid package put together last month after it ran into difficulties.

The package includes a $325m loan from the Federal Deposit Insurance Corporation and $175m from a group of banks. A banking group also has agreed to make available a $1bn credit line and First Pennsylvania will issue lenders' warrants to purchase 20m of its common shares at $3 each.

Better margins aid Jewel

By Our Financial Staff

BETTER margins have given Jewel Companies, the Chicago-based supermarkets and drug stores group, a steady start to its current fiscal year.

Net earnings totalled $11.37m or $1.01 a share for the rfist quarter—almost 25 per cent above 1979's corresponding $9.1m or 82 cents a share.

Dravo sees brighter synthetic fuels outlook

BY RODERICK ORAM

THE OUTLOOK for the development of synthetic fuels in the U.S. has been brightened recently by several congressional actions, according to Dravo Corporation, the Pittsburgh group which has extensive engineering construction activities in this field.

Congress has approved the channelling of at least 15 per cent of the revenues from the oil company windfall profits tax into synthetic fuel development and congressional committees have accepted some parts of the administration's energy programmes.

But some hurdles remain, including the need for appropriate safeguards on the economic viability of synthetic fuel projects, Mr. Robert Dickey, Dravo's chairman and chief executive officer, said.

Prices of some synthetic fuels are competitive with oil but "some customers are concerned that after huge investments (in such projects) they'll be at the mercy of any kind of price war," he added.

They worry that oil prices might fall, leaving them with costly plants making expensive fuel.

Several forms of safeguards have been proposed, including price floors, government purchases of fuel at predetermined prices and government underwriting of investment. Mr. Dickey thinks Congress will approve some form of support.

Whereas oil companies will take "some years" to profit from synthetic fuels, designers and builders of pilot plants will profit sooner.

Dravo, which derives about 40 per cent of its revenues and pre-tax profit from engineering construction, has about 30 years' experience in synthetic fuels, Mr. Dickey said.

Its expertise and activities include: above-ground and below-ground processing of oil shale (the latter with Occidental Petroleum) a Utah tar sands project with Standard Oil of Indiana; a California Oil sand pilot plant for Getty Oil; and a coal gasification pilot plant in Illinois.

Despite these activities, Dravo feels that with the present environment in the U.S. it will be a "tough job" this year to improve on last year's profit of $28.2m, or $3.47 a share, on revenues of $992m, Mr. Dickey said. But growth will be "back on track again." in 1981.

In the first quarter ended March 31 it earned $2.1m, or 25 cents a share on revenues of $210m, against $1.9m, or 23 cents a share, on sales of $187m before the financial settlement of a long-disputed water tunnel project for New York City.

NEW ISSUE

These securities having been sold, this announcement appears as a matter of record only.

MAY 1980

U.S. $30,000,000

State Bank of India

(Incorporated by Act of Parliament of the Republic of India)

Floating Rate Notes Due 1987

Credit Suisse First Boston Limited **Bankers Trust International Limited**

Bank of Tokyo International Limited **Chemical Bank International Group**

Crédit Lyonnais **Deutsche Bank Aktiengesellschaft**

Samuel Montagu & Co. Limited **Société Générale de Banque S.A.** **AMAS S.A.**

Abu Dhabi Investment Company — Alahli Bank of Kuwait K.S.C. — American Express Bank International Group — A. E. Ames & Co. Limited
Arab Bank Investment Company Limited — Banca Commerciale Italiana — Banco di Roma — Bank of America International Limited — Bank Brussel Lambert N.V.
Bank für Gemeinwirtschaft Aktiengesellschaft — Bank Gutzwiller, Kurz, Bungener (Overseas) Limited — Bank Julius Baer International Limited — Bank Leu International Ltd.
Bankers Trust International (Asia) Limited — Banque Arabe et Internationale d'Investissement (B.A.I.I.) — Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A. — Banque de l'Indochine et de Suez — Banque Internationale à Luxembourg S.A. — Banque Nationale de Paris
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Barclays International Group — Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft — Centrale Rabobank — Citicorp International Group — Clariden Bank
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LTCB International Limited — Manufacturers Hanover Limited — Merrill Lynch International & Co. — Mitsubishi Bank (Europe) S.A. — Mitsui Finance Europe Limited
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Steady progress by Canadian Rothmans

By Robert Gibbens in Montreal

ROTHMANS of Pall Mall, Canada, the tobacco and alcoholic beverages group, earned C$27m, or C$4.77 a share, in the year ended March 31, compared with C$23.3m, or C$4.33 a share, a year earlier, on sales of C$897m, against C$801m previously.

The group also reports that if the sale of certain trade-marks for southern Africa by Carling O'Keefe receives government approval by May 31, Rothmans will record a special gain of C$5.2m for the 1980 fiscal year.

Earnings for the fourth quarter were C$3.7m, or 51 cents a share, against C$2.6m, or 38 cents a share, on sales of C$184m, up 11 per cent from a year earlier.

Profits from tobacco operations in the full year were C$19.4m, against C$17.6m, while earnings from brewing operations rose to C$7.6m fom C$5.8m.

● International Thomson, Toronto-based holding company for the Thomson family's newspaper, North Sea and travel interests, has formed a U.S. subsidiary, International Thomson Business Press, Reuter reports from Philadelphia. The company said the new unit will "acquire high-quality publications and finance development and start-up projects in the business publishing and information fields."

● Canada Cement Lafarge has dropped its $7.50-a-share offer for the remaining shares of its 74 per cent-owned subsidiary, Standard Industries, following an objection by the Ontario Securities Commission, AP-DJ reports from Montreal. Canada Cement will return the 40,000 shares—out of an outstanding total of 1.5m shares not already owned—tendered under the offer.

Grupo Alfa shows sharp earnings rise

By William Chislett in Mexico City

GRUPO ALFA, Mexico's largest holding company, which includes steel, petrochemical and capital goods interests, boosted net profit by 66 per cent to 3.13bn pesos ($137.8m) in 1979 on a 58 per cent increase in sales to 30.2bn pesos (1.3bn).

The profit was the equivalent of 10.7 pesos per share compared with 6.2 pesos in 1978. Total assets rose by 55 per cent to 52.8bn pesos (2.3bn).

Alfa has grown enormously since its constitution in 1974 and now comprises 84 subsidiaries, some of which have joint ventures with leading companies such as Ford and the West German chemicals company BASF.

The annual report does not spell out the profit and sales of all of Alfa's sectors, but the main areas of growth reported were the industries division (capital goods, petrochemicals and consumer goods) which increased net profit by 65 per cent to 998m pesos ($43.9m).

● Bancomer, Mexico's leading private bank, has reported a net profit for 1979 of 2.47bn pesos ($108.4m) against 1.51bn pesos in 1978, a 63 per cent increase.

Demand deposits increased by 33.2 per cent to 52.85bn pesos ($2.3bn), time deposits by 76 per cent to 38.83bn pesos ($1.7bn) and savings deposits by 20 per cent to Total assets rose by 47.3 per 21.46bn pesos ($941.2m). cent to 225.2bn pesos ($9.8bn).

Mexico plans steel expansion

By Our Mexico City Correspondent

ALTOS HORNOS de Mexico, the country's largest steel mill, which is part of Sidermex, the Government's holding company for the state steel sector, has announced a 17.3bn pesos ($765.4m) expansion programme to increase annual output from 2.6m tonnes to 4.2m tonnes by 1982.

The investment is part of the Mexican Government's plan to raise state steel output from 4.8m tonnes to 18.5m tonnes by1990.

However, there is still no sign of a construction starting date for the second stage of the Sicartso mill on the Pacific coast at Lazaro Cardenas, which is behind schedule.

The more than 52bn expansion, which will raise production there from 1.3m tonnes to 2.7m tonnes, has been bogged down in the Planning Ministry for months where budget problems are being sorted out.

The Government was hoping that construction might start this year so the Sicartsa plant could be finished by the end of the Lopez Portillo administration in 1982.

INTERNATIONAL BONDS

Straight dollar issues fall despite discount rate cut

BY OUR EUROMARKETS STAFF

STRAIGHT DOLLAR Eurobonds edged lower in quiet trading yesterday with the market apparently unimpressed by the one point cut in the U.S. discount rate.

Price falls averaged ⅛ per cent as the market attempted to consolidate its trading level after recent strong gains. Some negative influence was felt from New York where prices were also marked down on a surfeit of new issues in the domestic market.

In the Yankee market Sweden is to float a two-tranche issue of $100m apiece over 10 and 20 years. Terms will be ste by issue manager Salomon Brothers next week. A Eurodollar issue is also expected to be announced for Pemex within the next few days.

The Republic of Austria is to tap the Deutsche Mark market for DM 150m with a three-tranche priavte placement led by Bayerische Hypotheken Bank. All thre tranches are for DM 50m and carry coupons of 8¾ per cent. The maturity is spread over six, eight and 10 years. The yield is thus in line with similar paper in the secondary market which yesterday was short of high quality bonds, pushing prices up by ½ point. Dealers believe that this should ensure success

Swiss franc foreign bond prices were up by ⅜ point after the Government said it would not impose a tax on such issues.

Banca del Gottardo is arranging a SwFr 30m convertible offering for Nitto Boseki of Japan. The five-year issue carries a coupon of 6 per cent.

The new £20m floating rate note by Scandinavian Bank was quoted at around 97¾ yesterday afternoon, underlining the relatively lukewarm success of this new type of issue. The first coupon fixing will not take place until June 23, after the Bank of England credit controls are lifted.

The Swedish Investment Bank is ot re-open the Luxembourg franc primary market with a LuxFr 500m issue. Kredietbank Luxembourg set the terms for eight-year bonds at 11¼ per cent at par.

Boliden reduces profit forecast by SKr 55m

BY VICTOR KAYFETZ IN STOCKHOLM

INDUSTRIAL ACTION in Sweden during early May will cut projected 1980 earnings at Boliden, the metals and chemicals group, by about SKr 55m to SKr 475m ($113m), Mr. John Dahlfors, the managing director, told the annual meeting.

Before the 10-day shutdown he had been ready to revise upward his January forecast of SKr 500m in pre-tax profit for the year. In 1979 earnings reached SKr 371m on turnover, up 35 per cent to SKr 3.99bn ($950m). In 1978 Boliden recorded a SKr 32m loss.

The group bases its optimism on long-term metal delivery contracts signed at the high prices prevailing late in 1979 and early this year, before markets for copper, zinc, lead and silver turned downward.

Boliden believes small world stockpiles of industrial metals and limited production capacity make further major price declines unlikely, adding that first quarter markets for its sulphuric acid and phosphoric acid production had been good.

During January-March, consolidated earnings were SKr 129m ($46m) on turnover of SKr 1.29bn ($306m), against pre-tax profits of SKr 86m on sales of SKr 771m for the same quarter of 1979, when a severe winter hampered outward seaborne shipments from the Boliden smelting plant in northern Sweden.

As reported earlier, Boliden is paying a dividend of SKr 15 per share after passing payments for two years.

Terms set for Sweden's $850m credit

By Peter Montagnon

TERMS HAVE been set for the $850m, eight-year credit being raised by the Kingdom of Sweden. The borrower will pay a margin of ⅜ per cent over Libor for the first four years, rising to ½ per cent over Libor thereafter.

Chase Manhattan is acting as agent for the loan. It and seven other international banks will each underwrite $100m. The banks are: Bank of Tokyo, Credit Lyonnais, National Westminster, PK Banken, Royal Bank of Canada, Skandinaviska Enskilda Banken and Svenska Handelsbanken.

In addition Gotabanken will underwrite $50m.

The loan is a revolving credit for the first four years and has a five-year grace period.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices pubished on the second Monday of each month.

Closing prices on May 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	92½	92⅞	−0⅜	+1½	11.34
Australian Res. 9⅝ 84	30	95⅜	95⅞	−0½	+0⅜	11.04
Beneficial Fin. 9¾ 87	100	92¼	92¾	−0⅜	+1⅞	11.33
CECA Grad. Rate 12 86	100	98½	99	+0⅛	+2¼	12.28
[illegible] 11⅝ 90	50	98⅛	99⅛	−0⅛	+1	11.82
Canadian Pacific 9¾ 89	50	92⅛	92⅝	−0¼	+1	11.13
Carter Hawley 9⅝ 86	50	92½	93	−0⅜	+1⅝	11.46
Continental Grp. 9⅞ 86	100	93⅛	93⅝	−0⅜	+1⅞	11.17
Dome Petroleum 10 94	50	85½	86	−0¼	+2⅛	12.15
Dome Petroleum 13½ 92	50	102½	103	−0¼	+2⅛	13.02
Dominion Bridge 10½ 84	30	94⅛	94⅝	−0⅛	−0⅛	12.04
EIB 11⅝ 92	80	99⅛	99⅝	+0⅛	+1⅛	11.81
EIB 12⅝ 90	100	107¼	106¼	−0⅛	+1⅛	12.31
Eksportfinans 11¼ 87	50	98⅞	99¼	−0⅛	+0⅜	11.44
Export Dv. Con. 9¾ 84	150	96	96½	0	+0⅞	10.87
Export Dv. Con. 12¾ 87	100	105½	105⅞	−0⅛	+0⅝	11.58
Federal Dev. Bk. 12⅞ 85	75	103	103½	−0⅜	+0⅞	11.35
Finland 9⅝ 89	100	†88½	89⅛	−0⅛	+1¼	11.95
George Weston 13½ 87	30	†100⅞	101⅜	+0⅛	+1⅝	13.24
GTE Finance 9⅜ 89	55	87⅛	87⅝	−0¼	+1	12.11
GMAC 9⅝ 86	100	91⅞	92⅛	−0¼	+0⅜	11.10
GMAC O/S Fin. 11 84	100	98⅞	99¼	−0⅛	0	11.25
GMAC O/S Fin. 13⅜ 85	100	105⅜	105⅞	−0⅜	+0¼	11.77
Kennecott Int. 9½ 86	100	86¼	86¾	−0½	+0⅞	12.87
McGraw 13½ 85	75	100⅜	100⅞	−0⅜	+2	13.30
Michelin 10 94	125	87⅞	88⅜	−0½	+0½	11.76
Nat. Des. Telecm. 9½ 86	100	92⅞	93⅜	−0⅛	+0½	11.12
New Brunswick 9¾ 94	75	87	87½	+0⅛	+1½	11.62
Newfoundland 10 94	50	89¾	90¼	−0⅛	+0⅛	11.46
Norway 9½ 84	150	96	96½	−0⅛	+0⅜	10.71
Nova Scotia Pwr 9¾ 89	50	91	91½	0	+1⅛	11.33
Pennwalt O/S F. 9¾ 84	25	93⅜	93⅞	−0⅛	+0⅜	11.84
Pepsico Cap. 9⅝ 84	100	95⅞	96⅜	−0⅛	+0⅛	10.52
Quebec Hydro 10 99	75	84⅛	84⅝	−0¼	+1	12.14
Sears Roebuck 9 82	150	97⅞	98⅛	+0⅛	+0⅜	10.44
SNCF 12⅜ 85	50	104	104½	−0⅛	+1½	11.17
Statoil 9⅝ 89	100	91⅛	92	0	+1⅛	11.11
Swed. Ex. Cred. 12½ 85	40	102¾	103¼	+0⅛	+1⅜	11.65
Sweden 9⅝ 89	100	91⅞	92⅛	−0⅛	+1⅛	11.23
Sweden 9⅜ 84	100	95⅞	96⅜	−0⅛	+0⅜	10.92
Unilever NV 9⅝ 87	100	91	91½	0	+0⅛	11.08
Warner-Lambert 9 84	100	94⅜	94⅞	−0⅛	+0⅛	10.68

Average price changes.. On day −0⅛ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 90	200	109½	110½	+0⅛	+1⅝	8.47
Australia 8⅛ 90	250	100⅝	101⅛	+0½	+1	7.97
BFCE 7¾ 87	100	98½	99½	0	+0½	7.94
BFCE 8¼ 85	100	98½	99¼	−0¼	+1⅞	8.25
Brazil 8 87	150	92⅛	92⅞	−0½	+1	9.48
CECA 7 91	150	91⅞	92⅝	0	+0½	8.09
Council of Eur. 7¾ 89	100	94⅜	95⅛	+0½	+1¼	8.10
Denmark 7⅞ 86	100	97½	98½	+0⅛	+1⅛	8.32
Denmark 8¼ 92	100	98⅛	99⅛	+0⅜	+0½	8.43
EEC 7⅞ 94	225	98⅛	98⅞	+0⅛	+2¼	8.05
EIB 7½ 89	200	95⅞	96⅜	+0¼	+1⅞	8.10
Finland Rep. of 8 86	150	98	99	+0¼	+1⅛	8.29
Kobe City of 7⅞ 89	150	95½	95⅞	+0¼	+1½	7.81
Neder. Gasunie 8 86	100	†101¼	102¼	+0¼	+2	7.54
New Zealand 7¼ 87	200	95⅛	96⅛	0	+0⅛	7.90
Norway 7½ 85	250	99⅛	99⅝	0	+0⅞	7.62
OKB 7⅞ 89	100	95¼	96	+0¼	+1⅛	8.05
Oslo, City of 8⅜ 90	80	101½	102	+0½	+1⅛	8.47
Sweden 9⅜ 87	200	106⅞	108⅞	+0¼	+1	8.43
World Bank 7⅜ 91	400	96⅛	97⅛	+0¼	+1¼	8.20
World Bank 7⅞ 90	250	97⅞	98⅜	0	+1⅛	8.13
World Bank 10 86	150	108⅝	109⅛	−0½	+0⅛	8.00
World Bank 10 90	200	110	111	+0⅛	+1½	8.39

Average price changes.. On day +0⅛ on week +1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	50	92½	93	−0½	+2⅛	6.58
Aumar 5 89	60	93½	94	+0½	+0½	5.91
Australia 3¾ 89	250	90⅜	90⅞	+0⅛	+0½	4.94
Bergen, City of 4¾ 91	40	92¾	93	+0¼	+2½	5.63
BNDE 5 89	75	86⅞	87⅛	0	+0¼	6.96
BMW Overseas 4¼ 91	100	92⅛	92¾	+0¼	+1	5.13
Buhrm'n-Tetterodu 7 90	40	105	105½	+0½	+0⅞	6.27
Caisse Nat. Tele 4⅜ 89	100	95	95½	+1½	+2⅞	5.03
CCCE 5⅜ 90	100	102⅛	102⅞	+0⅛	+1⅞	5.39
Copenhagen 4½ 91	60	90½	91	−0⅞	+3	5.62
Council of Eur. 5 89	100	95¼	95⅜	+0¼	+2⅜	5.62
EIB 4½ 91	100	91⅝	92⅛	0	+0⅛	5.50
EIB 4⅜ 94	100	86	86½	−0⅛	−0⅛	5.83
Elec. de France 4⅝ 89	100	93½	94	0	+1⅛	5.25
GZB 4½ 89	100	90	90½	−0½	+1⅞	5.61
Hils 4½ 91	35	93	93½	−0½	−0⅛	5.04
Int.-Amer. Dev. 4½ 89	100	90½	91	+0¼	+1⅛	5.82
Int.-Amer. Dev. 7 90	80	106⅛	106⅜	+0⅜	+1⅛	6.11
Jutland Tele 5½ 90	50	100½	101	+0½	0	5.39
Malaysia 5 89	80	89½	90	−0½	+1½	6.49
Nippon Tel. & T. 4⅛ 89	100	93	93½	+0½	+0⅛	5.18
Nordic Bank 5 89	45	97	97½	−0½	0	5.29
Norges Komm. 4⅜ 91	100	92⅜	93¼	+0¼	+3¼	5.20
OKB 4½ 91	100	91⅛	91⅜	+0¼	+2⅛	5.39
OKB 6 90	100	103⅜	103⅞	+0¼	+0⅛	5.49
Oslo, City of 4⅞ 91	100	88½	89	+0⅛	+1⅛	5.74
Shikoku El. Pwr. 4⅜ 89	100	94	94½	+0⅛	+0⅛	5.56
Steweag 4⅜ 91	60	94	94½	+0⅛	+1⅛	5.45
Voest-Alpine 4⅜ 89	90	96	95½	+2½	+2⅛	5.28
World Bank 4⅜ 89	100	93⅜	94	+0½	+1	5.49
World Bank 4⅜ 89	150	92½	93	+0½	+1⅞	5.38
World Bank 4⅜ 91	100	92⅜	93¼	+0¼	+1⅛	5.46

Average price changes.. On day +0⅛ on week +1½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91	92½	0	+0½	8.58
Australia 6½ 88	20	85¼	86½	0	+0⅛	9.10
EIB 7⅜ 89	12	92⅞	93⅞	+0¼	+0¼	8.88
Finland 5.6 83	10	90½	91½	0	+0⅛	8.72
Finland 6.8 88	10	86¼	87½	−0⅛	+1⅛	9.24

Average price changes.. On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	94	94½	−0½	+0⅛	12.07
CIBC 13½ 85 C$	50	103¾	104¼	−0¼	+0⅞	12.37
Cr. Foncier 10½ 84 C$	30	†91½	92½	0	+1½	12.87
Fst. Can. Inv. 10 84 C$	50	93¾	94¼	−0½	+0⅝	1.92
Hudson Bay 10½ 89 C$	60	91½	91¾	0	+1¼	2.10
Quebec 10¼ 86 C$	50	92½	94½	+0¼	+1⅛	1.90
R. Bk. Canada 10 86 C$	40	93½	93⅞	0	+1⅞	1.53
R. Bk. Canada 10 94 C$	40	88⅛	88⅝	−0⅛	+0⅛	1.71
Tordom Cpn. 13½ 85 C$	30	103⅞	104⅜	−0⅛	+0⅞	1.23
M. Bk. Dnmk. 9 91 EUA	25	95½	96½	+0¼	+0⅛	[illegible]
SOFTE 8¼ 89 EUA	40	86¼	87½	0	+1	10.60
U. Bk. Nrwy. 9½ 90 EUA	18	97⅞	98¼	−0⅛	0	[illegible]
Algemene Bk. 8½ 84 Fl	75	97⅛	98⅛	−0¼	+0⅛	[illegible]
Ned. Gasunie 8¾ 84 Fl	50	99⅛	99⅝	−0⅛	+0⅛	[illegible]
Ned. Middbk. 8¾ 84 Fl	75	96	96½	−0½	+0¼	[illegible]
Norway 8⅛ 84 Fl	100	97⅛	97⅝	0	+0⅜	[illegible]
Norway 8⅝ 84 Fl	100	97⅛	97⅝	0	−0½	[illegible]
Philips Lamps 8⅜ 84 Fl	75	97⅛	97⅝	0	+0⅜	9.0
Air France 11 84 FFr	120	95⅛	95⅞	−1⅛	−0⅜	[illegible]
CECA 14¼ 86 FFr	150	103¾	104	−0⅛	−0⅛	13.2
Euratom 9¾ 87 FFr	150	84¼	85	+0⅛	+0⅛	13.5
Finland 11 84 FFr	80	94½	95⅛	+0⅛	+0⅞	12.4
Finland 11½ 89 FFr	70	91⅞	92½	0	0	12.9
Gaz de France 11 84 FFr	150	94⅞	95⅞	−0¼	−0⅛	12.3
IBM France 11⅞ 84 FFr	120	96⅛	97	−0½	−0½	12.8
Renault 9⅞ 85 FFr	100	85½	86⅛	0	+0⅞	13.69
Saint-Gobain 9¾ 86 FFr	130	84½	85¼	+0⅛	+0⅛	13.51
Solvay et Cie 9¾ 87 FFr	125	82⅛	82⅞	−0⅛	+0⅛	[illegible]
Citicorp O/S 13½ 90 £	50	97⅞	98½	+0⅛	+0¼	13.53
EIB 11½ 91 £	25	91½	92⅛	+0¼	+3¼	12.22
Finance for Ind. 13 91 £	15	98¼	99	+0⅛	+1¼	13.22
Fin. for Ind. 12½ 89 £	30	96⅞	97⅜	−0⅛	+2⅛	13.02
Fin. for Ind. 14½ 85 £	20	100¼	101½	−0⅛	+0⅛	14.21
Gen. Elec. Co. 12½ 89 £	50	98¼	98⅞	+0⅛	+2	12.77
Swed. Ex. Cr. 15⅛ 85 £	20	102⅛	102⅞	−0⅛	0	14.47
Indonesia 8¾ 91 KD	7	†93	93½	0	0	9.76
Mitsubishi 7½ 84 KD	10	†91¼	92	0	0	10.03
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.54
Occidental 8¼ 91 KD	7	†90¼	90¾	0	0	9.69
Akzo 9⅜ 87 LuxFr	500	92½	93½	0	+0⅛	10.64
Euratom 8 87 LuxFr	500	87⅞	88⅞	0	0	[illegible]
Euratom 9⅜ 88 LuxFr	500	97⅜	98⅛	0	−0½	10.09
EIB 9⅜ 88 LuxFr	600	97⅜	98⅜	0	−0⅛	10.05
Volvo 9⅜ 87 LuxFr	500	97⅞	98⅜	−0¼	0	10.10

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅜	2/7	15¼	15.45
Banco di Roma Int. 6 87	0¼	99⅝	100⅛	26/10	15.31	15.33
Bank of Ireland 5¼ 89	‡0¼	97¾	98¼	21/8	11.81	12.05
Bank of Tokyo 5¼ 89	‡0⅛	97⅞	98⅜	25/10	16.56	16.88
Barclays O/S Inv. 5 90	0¼	97¾	98¼	13/6	14¼	14.54
Bergen Bk. A/S 6 89	‡0¼	96½	97	29/8	10	10.34
Bque Indo Suez 5¼ 89	0¼	98⅜	99⅛	11/7	14.69	14.86
Citicorp O/S F. 6 94	‡0½	98½	99	8/6	18.81	19.05
Citicorp O/S F. 83	§‡0	98⅞	99⅜	23/8	10.19	10.23
Citicorp O/S F. 84	‡0	98¾	99¼	30/5	16.94	17.11
C. Itoh 5¼ 87	0¼	100⅞	101⅜	18/9	19.44	19.22
Co-operative Bk. 6 86	0¼	97½	98	15/11	11.44	11.70
Creditanstalt 5½ 91	§‡0¼	97⅞	98⅜	14/6	18.44	18.79
CNT 5½ 86	§0¼	101⅜	101⅞	16/10	18⅛	17.34
GZB 5½ 89	‡0¼	98¾	99¼	1/8	15⅛	15.40
Jugobanka 8 89	0⅞	90	91½	23/11	11⅝	12.67
Ind. Bank Japan 5¼ 87	0¼	101⅛	101⅝	15/10	18¾	18.50
LTCB Japan 5¼ 86	0¼	98	98½	13/6	14¼	14.50
LTCB Japan 5½ 89	0¼	97⅜	97⅞	7/6	14.19	14.53
Mfrs. Han. O/S 5¼ 94	‡0⅛	98⅛	98⅝	30/5	17⅛	17.39
Midland Intl. Fin. 5 89	0⅛	99½	100	20/6	15	15.04
Nacional Fin. 6½ 86	0¼	98⅜	98⅞	25/7	14.69	14.89
Nat. West. 5¼ 94	§0⅛	101⅜	102⅛	11/10	18⅜	18.26
Nippon Credit 6½ 86	0⅛	97¾	98¼	12/7	14.44	14.73
Nippon Credit 5½ 87	‡0⅛	97½	97⅞	6/8	14½	14.72
Royal Bk. Scot. 5¼ 94	§‡0⅛	99¼	99¾	11/7	19½	19.60
Soc. C. de Banq. 6½ 87	0¼	101⅞	102¼	3/10	20.06	19.57
Sogenal 5⅜ 89	§0⅛	98½	99	13/7	14.44	14.62
Standard Chart. 5¼ 90	0¼	100½	101	6/9	17⅛	17.12
Sweden 5¼ 91	‡0⅛	97½	98	18/10	18⅝	19.05
TVO Pwr. 9 91 (D-lock)	0⅛	95⅞	96⅛	24/11	10⅝	11.05
Williams & Glyn 5¼ 91	0¼	101	101½	14/6	18½	18.27
Bq. E. d'Alg. 4¼ 89 SF	0⅛	†85	85½	18/6	6.69	7.24

Average price changes.. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†115	116	0	−7.79
Ajinomoto 7¾ 95	2/80	618	102⅞	103⅞	−2	2.07
Alco Int. Fin. 9½ 94	1/80	40	90⅜	91⅛	−0⅛	33.94
Asahi Optical 7 94	11/79	605	98	98¼	−0⅛	15.78
Canon 6¾ 94	8/79	570	108	108¾	−0⅛	−1.91
Credit Suisse 4¾ 93	10/79	1325	102⅝	104½	−0⅛	5.19
Daiei Inc. 6½ 94	11/79	1020	95⅞	96⅝	−1¼	30.37
DDKK 11 90	6/80	324	114⅜	115	−0⅞	6.48
Dynalectron 9½ 95	8/80	12.22	105	105½	+1	−3.87
Enserch Fin. 9½ 94	7/80	20.25	104½	105⅛	−0⅛	6.66
LPC Internatnl. 8 89	9/79	23.33	†96	97½	+0½	32.78
Meidensha Elec. 7 94	12/79	210	97½	98½	+0½	11.50
Mitsubishi Co. 6½ 94	10/79	604	124	125½	−0½	11.46
Nippon Seiko 7¾ 94	12/79	329	†109½	110½	+0¼	−2.54
Nitto Elec. Ind. 6 94	7/79	725	78½	80	+0½	1.97
Tosh ba Cpn. 7¾ 94	10/79	198	98⅛	99⅞	−0⅛	−0.32
Union Bk. Switz. 5 89	2/80	125	97½	99	+1⅛	4.97
Fujitsu 5 84 DM	7/79	475	100⅞	101⅜	−0½	10.98
Kansai Elec. 4 84 DM	4/79	1234	87⅛	88¼	0	43.05
Tokyu Ld. Co. 4 86 DM	4/79	493	78⅛	79⅜	+0¼	40.55
Uny Co. 6½ 85 DM	11/79	1071	93½	94½	0	36.14

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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A hangover to come for Scotch exporters

BY GARETH GRIFFITHS

SCOTCH WHISKY exporting has always been something of a swings and roundabouts affair. Shipments overseas normally fluctuate, but this year, whisky exports seem to have displayed spectacular changes of fortune.

The export trends are not encouraging. This year's January and February figures are misleading. Exports in the first quarter of 1979 were adversely affected by the road haulage dispute and the backlog from last autumn's seven-week strike at the Distillers Company bottling halls was still being exported at the beginning of the year.

The real increase in exports was much more marginal, probably about 3 per cent once the distortions are ironed out. But this modest increase covered strong demand from importers in Europe, Latin America, North America, Australia and Japan. The distributors have built up their stocks and the outlook for the rest of the year is likely to be dull.

Last year Scotch exports fell in volume by 4 per cent, although they increased in value by 7 per cent to £707m. The pessimism among many observers was reinforced this month when Distillers (DCL), which controls half the world's output of Scotch, ended a guaranteed working week at several bottling plants and introduced short-time working.

Senior whisky executives confide, however, that in the end it is "gut feeling" that prompts them to make their marketing decisions. The present feeling is that the industry will continue to expand at a rate of about 4 per cent a year for the rest of the decade, modest compared with the 10 per cent growth rates of most of the post-war period.

But even fewer drams of comfort are offered by Mr. Ian McBean and Mr. David Campbell of stockbrokers Wood, Mackenzie. In the firm's newsletter this month, analysing the whisky industry, they argue that the immediate prospects for Scotch whisky in the crucial American market are grim.

"The days of the Scotch drinker have gone. Beyond 1981, the consensus is that Scotch will either be flat or, more probably, show a downtrend in volume, possibly as much as 2 per cent per year." their report suggests.

Traditionally, Scotch exports have risen when stocks held by distributors and retailers were low, and vice versa. In 1978 a very low stock position at the start of the year led to high exports and in 1979 stocks were run down while exports remained low.

This year, therefore, shipments would have been expected to be high to compensate for the low level of stocks. But it is far from clear that this is now happening. Exports of Scotch so far this year are down by more than 8 per cent in volume.

Last year Scotch whisky exports to the U.S. stood at 33,155,764 proof gallons worth £192m; a fall of 1 per cent in value and 8 per cent in volume on the previous year. The middle price brands seem to have taken the brunt of the fall. The best-selling J and B Rare, produced by Grand Metropolitan's International Distillers and Vintners, showed an increase of about 2 per cent to 2.75m cases. But DCL's White Horse fell by 26 per cent to 100,000 cases and Berry Bros's Cutty Sark, the No. 2 best-seller, fell by about 3 per cent to 2.47m cases.

The industry had recognised that the relative importance of the U.S. market would decline once saturation point was reached in the mid-1970s. The National Economic Development Council report on distilling and Scotch exports in December 1978 suggested the American market would show little or no growth.

The distillers themselves claim the main opportunities for exports in the 1980s will be concentrated in Western Europe. In EEC countries where per capita income is about as high as in the U.S., whisky consumption has remained disappointingly low. In West Germany, whisky's share of the spirits market, despite intensive advertising and promotional campaigns, remains obstinately at 3.5 per cent. France shows a 5.5 per cent share, Denmark 5.3 per cent and Italy 18 per cent. By contrast, the whisky share of the UK spirits market is 52 per cent.

Scotch exports to Western Europe suffer from three major disadvantages which are proving to have a dampening effect on growth. The first is discrimination by several governments against whisky in the form of higher taxes than on locally produced spirits. This has been highlighted by the European Court ruling in February that France, Italy, Denmark and Ireland were guilty of discrimination against Scotch whisky.

The recent decision by the Danish Parliament to pass a 37½ per cent *ad valorem* tax on whisky, already subject to a liquor tax and VAT at 22 per cent, will almost certainly mean another appeal to the EEC Commission in Brussels and another case for the court.

The second disadvantage exporters face in dealing with European markets is parallel trading — the process whereby UK sales organisations undercut the sole distributor or agent by selling brands direct to major overseas outlets. As a result, the agent becomes less committed to the long-term aim of building up and promoting the image of branded Scotch.

A further problem for Scotch in Western Europe is the extremely high mark-up charged by hotels and drinking establishments. That has meant that most Scotch is sold for drinking at home. But, to achieve higher sales, Scotch needs to be promoted as a business or social drink.

Japan, the third most important market for Scotch, after the U.S. and the EEC, presents the exporters with very delicate adjustment of interests. That country is the major importer of bulk malt whisky for blending in home produced whiskies. The controversy raised by bulk exports in containers (rather than bottled) has been running for several years and DCL executives maintain that in 10 to 15 years the industry could face very severe competition from the Japanese whisky industry which will then have built up a tradition of blending and improved the quality of its own whiskies.

The main area for growth appears to have temporarily shifted to the developing world. Exports to Venezuela, 2.32m proof gallons last year (4.4 per cent of world Scotch exports) were up by nearly 300 per cent in the first three months of this year. The Mexican market increased by more than half last year to 675,823 proof gallons and Chile went up by 77 per cent to 703,519 proof gallons.

Because it is a popular high value product, Scotch is particularly prone to economic nationalism. To date, according to the Scotch Whisky Association, there are 450 restrictions by governments all over the world on Scotch whisky exports.

They range from a straightforward ban to state monopolies, permits, prohibition of advertising, date coding for particular markets, foreign exchange controls and registration of importers.

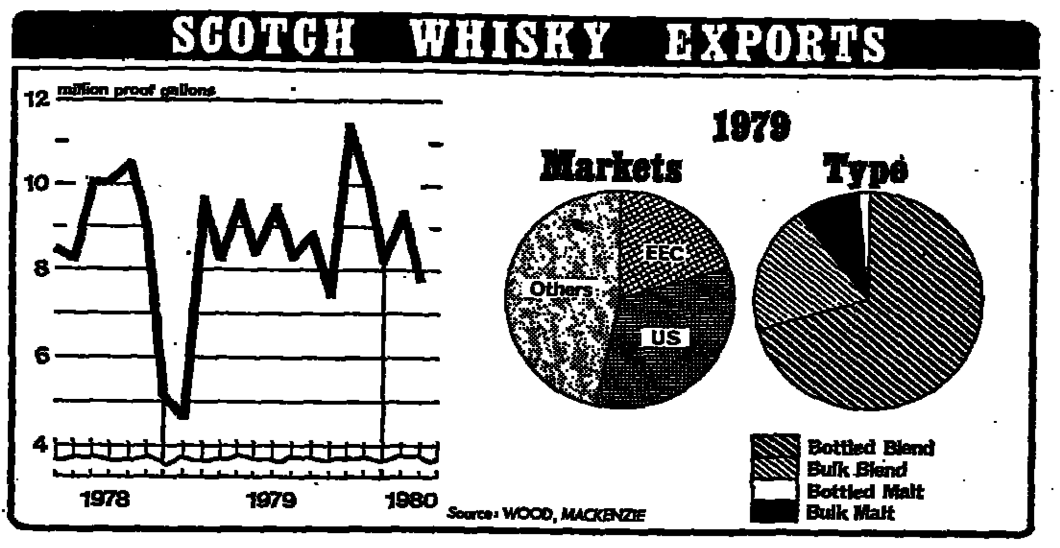
The companies are coming under increasing pressure to move bottling plants to the countries where the Scotch is sold. Considerable differences in duty make locally-bottled whisky, shipped out in bulk, much more competitive.

Scotch exporters, unlike many other indutrialists, cannot take that much action on their own behalf to stimulate exports. The tax yield on whisky is usually high and this leaves little room for aggressive discounting.

But the exporters are not utterly defenceless. The companies and the Scotch Whisky Association are capable of skilful and concerted lobbying when key markets are at risk. Recent developments in Japanese pricing policy over Scotch whisky would have meant increases in duty equivalent to about £1.20 a bottle. The effect would have been disastrous and wiped out several years' work of export promotion.

The companies were able to involve the British Government, the EEC Commission and Japanese traders in lobbying the Japanese to change their minds. Mr. John Nott, the Trade Secretary, on a visit to Japan in January, put the companies' case, with success. The Scotch exporters were given tax relief.

Nor have the exporters simply left their markets to the distributors. The tradition of recruiting staff from among officers in the armed forces has now been abandoned, and the emphasis is on recruiting graduates with linguistic qualifications. Senior executives spend half their time out of the country in an attempt to consolidate and win new markets. The industry, possibly under siege, is ready to fight to maintain the international sales and status of Scotch.



APPOINTMENTS

Senior posts at British Telecom

Two new directors of BRITISH TELECOM have been appointed. Mr. John Tippler has become director of exchange systems in the telecommunications network executive. Mr. John Maurer becomes director of network in the telecommunications international executive.

Mr. Tippler will be responsible for planning exchanges for the national telephone and telex networks and for the development of exchange systems. He will also be responsible for the data switching components of the network, including packet-switching centres.

Mr. Maurer will plan and provision all international telephone, telex and data services, including computer-controlled international switching centres, submarine cables and satellite communications.

★

Mr. John L. Harvey is to retire as chairman and a director of THE EXCHANGE TELEGRAPH COMPANY (HOLDINGS) — the Extel Group's parent company — on July 24, following the annual meeting. He will be succeeded as chairman by Mr. Alan B. Brooker, who will continue as group chief executive.

★

Mr. J. A. McNab has been appointed managing director of THOMAS COOK. He was formerly chief accountant of the Thomas Cook Group.

★

Mr. Leigh B. Dobson has been appointed marketing director of FAIREY FILTRATION, one of the Heston-based members of the Fairey Group of companies.

★

Mr. Philip Greenwell will be retiring as senior partner and from the partnership of W. GREENWELL AND CO on November 16. He will be succeeded by Mr. R. H. Lawson and Mr. G. T. Pepper who will become joint senior partners.

★

Mr. Robert Gibson-Jarvie will join CONTICOMMODITY SERVICES on June 2 as a consultant. After eight years with the London Metal Exchange where he became executive secretary, Mr. Gibson-Jarvie became an independent consultant on commodity market matters in 1978. His most recent assignment has been to prepare the ground for the establishment by the London Commodity Exchange of an International Petroleum Exchange.

★

Mr. Derek A. Hacking has been appointed a director of R. K. HARRISON, J. L. JACOBS (INSURANCE), and will be responsible for the financial institutions division.

★

Mr. Harvey Allen, director responsible for ALLIED BREWERIES (UK) brands has joined the Board of C. G. Hibbert (Marine Supplies).

★

The Home Secretary has appointed Dr. J. E. Hampson to serve as a member of the ADVISORY COMMITTEE ON ANIMAL EXPERIMENTS. Dr. Hampson is the chief animal experimentation research officer for the RSPCA, but she has been appointed to the Committee in an individual capacity.

★

New chairman of the £400m buying group NATIONWIDE FOOD DISTRIBUTORS (NFD) for the current year is Mr. Don Heyworth, joint managing director of Snowdon and Bridge. He is also chairman of the NFD marketing board. NFD comprises Warriners, Snowdon and Bridge, Danish Bacon Company, Meadow Markets, Holmes/Tobacco Sales (Northern Ireland), Star in Scotland and Bookers, who have an interest in APT/Alliance.

★

PRIVATE PATIENTS PLAN has appointed Mr. C. H. Grinsted as company secretary. He succeeds Mr. J. S. Burns, who relinquished the post following his recent appointment as financial director.

★

Mr. Peter Land has joined the Board of J. N. DOBBIN AND CO. as a non-executive director. He is group managing director of British Transport Hotels.

Capper Neill

SUMMARY OF PRELIMINARY RESULTS
for the year ended 31st March 1980.

	1980 £000	1979 £000
Turnover	97,234	89,897
including exports	32,395	31,341
Group trading profit	6,240	6,175
Interest payable	1,159	638
Group profit before taxation	5,081	5,537
Taxation: UK (totally deferred)	870	836
Overseas	21	—
Group profit after taxation	4,190	4,701
Amount absorbed by dividends	1,211	850
Dividends per share	4.2p	3.1825p

Recommended final dividend payment of 2.1 pence per share making total of 4.2 pence (1979: 3.1825p) equivalent to 6.0 pence (1979: 4.62p) inclusive of related tax credit.

Group trading profit for the year is marginally higher than that of last year. However, higher interest payable has resulted in an eight per cent reduction in pre-tax profit thus interrupting seven years of unbroken profit growth.

Site construction engineering, the major activity of the Group, has continued to perform most satisfactorily with Capper Neill International and Capper Pipe Service achieving record results.

During the year the economic climate has been difficult for the factory based companies and every opportunity is being taken to re-shape operations to take advantage of the changing pattern of demand.

The Group continues to concentrate its effort into expanding its site construction activity into new markets.

For a copy of the full Report and Accounts write to The Secretary, Capper Neill Limited, Warrington WA1 4AU.

1980 Capper Neill International Limited

Design, manufacture and erection of process plant for world industry.

1979 Capper Neill Limited

Warren Plantation Holdings Limited

1979 HIGHLIGHTS

* Dividends increased by 21% to 10p per share.
* Pre-tax profits have improved over 400% in last five years.
* Joseph Mason earnings double to £1.6 million.
* Indonesia rubber and oil palm contribution up by 78%.

Summary of group results (£'000s) to December

	1979	1978
Turnover	29,250	22,699
Profit before taxation	6,787	5,800
Profit after taxation	3,071	2,821
Earnings per share	32.79p	30.92p
Dividend per share	10.00p	8.25p
Return on capital employed	33.60%	30.52%

Middle Tar Taste at Low Tar

70% of middle tar smokers sampled thought new Low Tar Vanguard matched the taste of their regular brand.

Extensive survey – In a major survey carried out by an independent market research company, middle tar smokers confirmed that Vanguard matched the taste of their regular brands.

Satisfying tobaccos, new filter – A new tobacco blend and the special filter make sure that Vanguard is both easy to draw and gives full-bodied taste.

NOW'S THE TIME TO SWITCH!

SPECIAL INTRODUCTORY PRICE 70P

Price recommended for packs marked 'Special Price'

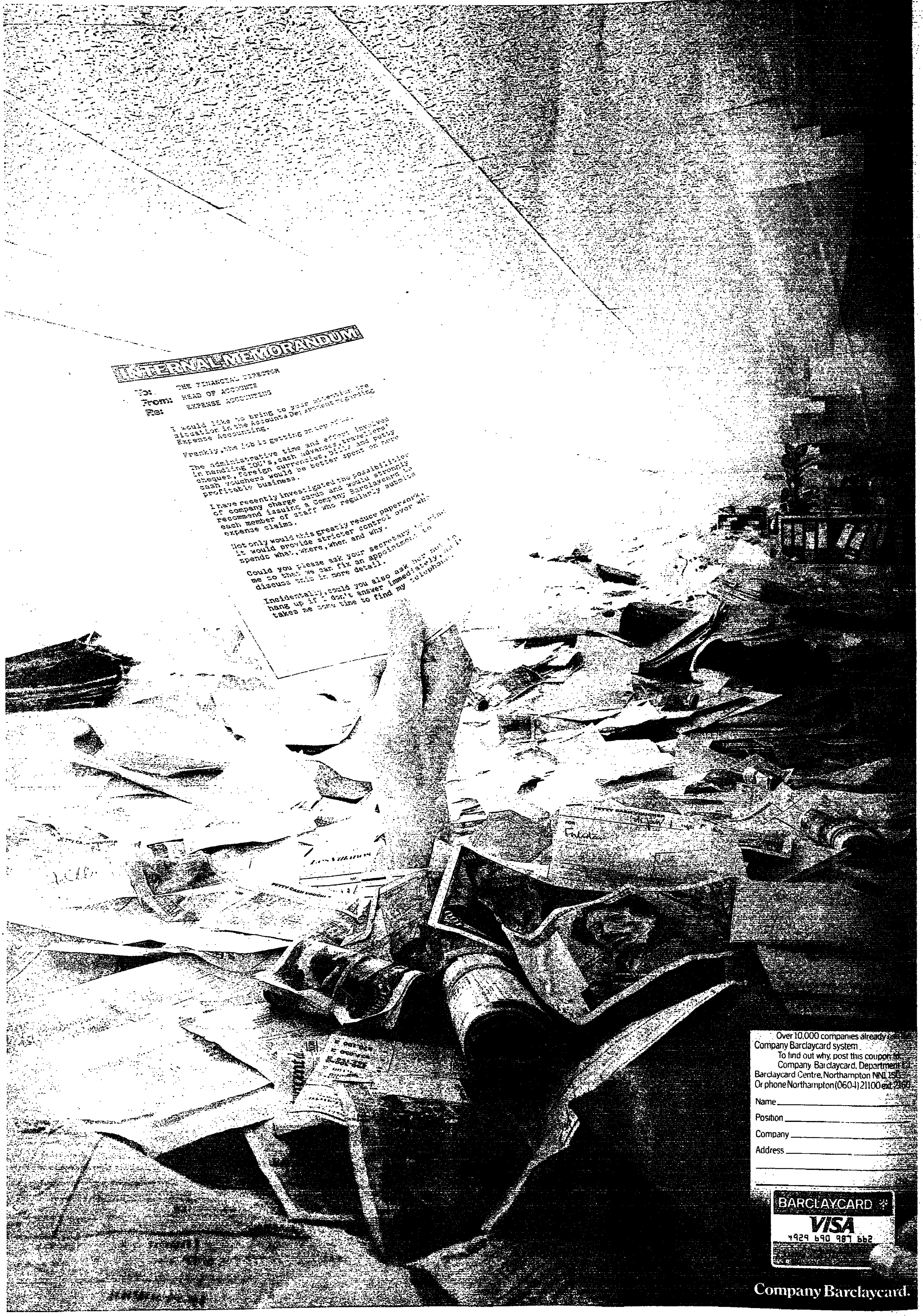
GREAT PACK OFFER
Inserts from 10 packs with red tear tape needed. Stocks limited – last date for redemption 31.10.80. Open only to smokers aged 18 years or over resident in the UK.

Vanguard–Low Tar with Middle Tar Taste

JKV9FT

The tar yield of this brand is designed to be LOW TAR Manufacturer's estimate, January 1980, of group as defined in H.M. Government Tables.

H.M. Government Health Departments' WARNING: CIGARETTES CAN SERIOUSLY DAMAGE YOUR HEALTH



هكذا من الأصل

Preussag turnover boosted by higher metal prices

BY JONATHAN CARR IN BONN

PREUSSAG, the diversified West German metals and energy company, is heading for another profitable year buoyed by improved metal prices and strong demand for oil and coal.

The company's 1980 first quarter report speaks of higher (but unspecified) profits on group turnover of DM 942.1m ($538m) against DM 678.7m a year earlier.

Preussag's metals division contributed greatly by virtually doubling first quarter sales to DM 417.8m from DM 209.4m last year. The exceptionally strong rise in the silver price — although speculation in the precious metal market had somewhat receded by the quarter's end — was one factor in the gain.

In the transport sector, strong demand for both light and heavy mineral oil products boosted Preussag's vehicle rental activities. Coal sales to power stations were also up.

Last year Preussag fought its way back to profitability and is paying a dividend (DM 7 per DM 100 share) for the first time since 1976.

Preussag parent company net profit last year totalled DM 44.1m, of which one half is being added to reserves. Group profit was DM 52.1m, up from DM 27.2m in 1978.

Generally buoyant domestic economic conditions helped boost group turnover 18.4 per cent to DM 3.2bn. Preussag's metals division last year accounted for nearly one-third of total turnover, against 26 per cent a year earlier because of higher metal prices. Coal accounted for one-quarter compared with 23 per cent a year earlier.

● A surge in turnover and improved profits caused mainly by higher metals prices is reported by Degussa, the West German precious metals, chemicals and pharmaceuticals group for the first half ended March 31.

Although it expects trading to ease in the second half it expects a "satisfactory result" for the full year.

Parent company first half turnover was up 56.2 per cent to DM 3.8bn from DM 2.4bn a year earlier. If precious metals proceeds are excluded the rise was 13.8 per cent.

Group turnover rose 52.7 per cent to DM 4.3bn, of which affiliated companies abroad contributed DM 544m compared with DM 412m a year earlier.

Creditor to take control of Eumig

By Paul Lendvai in Vienna

EUMIG, the troubled Austrian camera group, is to be taken over by its main creditor in a move which would appear to raise considerably hopes for the company's survival.

Oesterreichische Laenderbank is to assume all rights of ownership of Eumig, which is one of the world's foremost makers of cine cameras and projectors. It is understood that efforts are being made to find a foreign partner for the company.

Eumig, whose operating losses last year totalled more than Sch 400m ($32m), owes the Laenderbank about Sch1.5bn. Further large sums are understood to be needed to put the company back on a self-supporting basis.

Once the show-piece of the Austrian camera industry, Eumig ran into trouble in the late 1970s through a combination of low productivity in the face of Japanese competition, a currency which was too strong and an ill-fated move into cameras for instant cine films.

Rumours that further major dismissals have to be expected were confirmed last night on Austrian television by the chief shop steward. During the last two years Eumig's 6,000-strong production staff has been reduced to 4,000.

Some 400 employees have already been given notice and it is taken for granted that at least 500 more, primarily in administration, will be sacked in the near future.

By 1981 Eumig's labour is expected to be reduced to 3,000 and the range and variety of products drastically reduced. Last year Eumig still ranked as the world's largest manufacturer of projectors with almost ½m units in addition to 60,000 cine-cameras.

The company last year had a turnover of Sch 1.3bn. The management hopes that the Laenderbank's move will prompt the federal and the provincial authorities to help in Eumig's reorganisation.

JAPANESE STEELMAKERS

Nippon Steel leads buoyant results

BY MARK MEREDITH IN TOKYO

NIPPON STEEL, the world's largest steelmaker, more than doubled profits in the year to March.

Strong domestic demand, increased export prices, the benefits of rationalisation, and energy-saving measures, as well as a favourable yen rate are behind a buoyant set of annual reports due from the industry this week, led yesterday by Nippon.

Nippon Steel recorded a profit of Y105.7bn ($473m) after tax, up 133.9 per cent from Y45.2bn in the 1978-79 fiscal year, on sales of Y2,845bn ($12.7bn) up 17.9 per cent. Exports increased 29 per cent to Y936bn and total crude steel production was 33.5m tonnes, compared with 31.9m the previous year.

Nippon Kokan KK, the country's second-ranked steelmaker, has announced profits for the same period of Y25.1bn, up 143.9 per cent, on sales of Y1,310bn, an increase of 13.4 per cent over the previous fiscal year.

Results from Kawasaki, Sumitomo and Kobe Steel are also expected this week.

Reflecting the generally low international demand for steel, Japan's steel industry is still producing at only 70 per cent of capacity. But steel is presently reaping the rewards of its intensive investments in rationalisation and fuel saving over the past five years, to reduce dependence on oil and survive the decline demand.

Despite this, export prices over the past fiscal year rose through the $500 a tonne mark, despite general stability in domestic Japanese prices. Nippon Steel in the first half of the fiscal year was able to increase export prices by $30. Overall sales prices of steel products, it said, rose on an average of Y87,419 per tonne, from Y78,547 a year earlier.

Nippon Steel increased the yearly dividend per share to Y5, from Y4. Nippon Kokan raised its dividend to Y4, from Y3.

As a result of higher priced oil and raw materials, as well as an increased interest burden, Nippon Steel said that it was unable to forecast after-tax profits and sales for the current year.

Production costs were expected to rise about Y11,100 over last year for every tonne of steel produced.

Nippon Kokan expects its profit before tax and special items for the first half-year, ending in September, to be almost unchanged from the Y21.76bn of the preceding six months. A company official said, however, that it was premature to forecast business results for the full year ending next March 31, because of uncertain factors including the export outlook and the effect of higher oil and raw material prices.

Sales in the first half-year were expected to rise slightly, to about Y710bn, from Y700.70bn in the preceding six months. Sales of steel products would rise to about Y600bn from Y579.70bn, while those of ships and plant would fall to about Y110bn from Y121.00bn.

Total sales of Nippon Kokan in 1979-80 included Y1,110bn of steel, up from Y934,19bn a year earlier, and Y205.01bn of ships and plant, down from Y221.94bn. Exports totalled Y425.77bn, against Y359.79bn. Orders for ships and plant received last year rose sharply, to Y331.89bn, from Y189.33bn.

The company sold 18 ships, totalling 254,000 dw tons worth Y59.78bn in the year, against 21 ships of 401,000 dw tons, worth Y75.17bn.

Schering forecasts recovery

BY LESLIE COLITT IN BERLIN

SCHERING, THE West Berlin-based pharmaceuticals and chemicals group whose profits dipped sharply last year, expects to do better in 1980.

Sales growth of 4.5 per cent planned for this year will "in all likelihood" be surpassed, the group said yesterday. Turnover of its parent company was up 17.2 per cent for the first four months of 1980, it said.

Group after tax profits last year fell to DM 57.7m ($33m) from DM 88.4m, but the dividend is being held at DM 9 per share. Herr Karl Mittelstenscheid, chairman, said the Board was "not satisfied" with the company's performance last year which had fallen behind that of the German chemical industry. However, he noted that the company tended to develop less buoyantly than the industry as a whole in boom years but did better than average during depressions.

Schering, which accounts for some 40 per cent of the western world's sales of birth control pills, had a decline of 1.5 per cent in domestic drug sales but higher exports led to a 2.7 per cent rise in pharmaceuticals sales which totalled 42 per cent of total sales compared with 50 per cent in 1978.

In the first four months of this year domestic sales rose 20.4 per cent while exports were up 15.1 per cent.

Group sales last year advanced 21.4 per cent to DM 2.7bn but for the first time included the newly acquired Diamalt AG of Munich and Sherex Chemical Company in the U.S. Without them world-wide sales would have risen 6.6 per cent.

The company is asking shareholders to approve a convertible bond of up to $75m in order to pay off the short-term loans which partly financed the purchase of its new American subsidiaries. Over the past 18 months Schering has bought three American companies and now has U.S. production facilities.

Sales to Japan, Schering's largest export market, rose 10 per cent but the decline of the yen against the Deutsche Mark led to losses

Improved earnings at Ajinomoto

By Yoko Shibata in Tokyo

AJINOMOTO, the Japanese manufacturer of monosodium glutamate for food products and amino acid chemicals, has reported operating profits up by 14.8 per cent to Y21.84bn ($97m) for the year to March, and net profits ahead by 28.5 per cent to Y8.63bn. Sales advanced by 3.8 per cent to Y352.66bn ($1.58bn). Profits per share increased to Y28.96 from Y23.26.

Seasonings accounted for 23 per cent of sales; amino acids for 9 per cent; and food stuffs for 35 per cent. Exports accounted for 6.8 per cent of sales having advanced by 14 per cent.

Ampol Petroleum lifts interim

BY JAMES FORTH IN SYDNEY

AMPOL PETROLEUM has raised its interim dividend after a March half in which profits almost trebled, from A$4.89m to A$13.99m (U.S.$16m). The dividend is up from 3 cents a share to 3.75 cents and is payable on capital increased in January by a one-for-eight scrip issue. Last year the directors followed with a final of 3 cents to make a total payout of 6 cents.

The performance of the diversified petroleum, resources, property, television and finance group, suggests that it should have little trouble topping the 1978-79 record profit of A$20.4m, which itself represented a gain of 69 per cent on the previous year.

The interim result was after a sharp jump in tax, from A$ 1.88m to A$ 12.44m. Among the factors behind the improvement were a lift of 6.8 per cent in sales of Ampol's motor spirit compared with an industry growth rate in the same period of only 1.2 per cent.

Ampol also managed an improvement in both gross and retail profit margins, through strict control of expenses, particularly the level of discounts. Total expenses rose only 5.7 per cent. Other factors were better refinery productivity following the recent expansion of the Brisbane refinery, an increased profit contribution from the 63 per cent owned Ampol Exploration, which has a stake in the Barrow Island crude oil fields, and improved profitability of subsidiary and joint venture companies.

The latest profit does not include extraordinary net profits of A$5.7m, largely from the sale to the News Ltd Press group of a 20 per cent stake in Ansett Transport, the airline and television group. In the first half of 1978-79 Ampol had capital profits of A$12.5m, mainly from the sale of its stake in R. W. Miller, the coal group, to Arco, the U.S. oil major.

During the half year, Ampol diversified with the purchase from Ansett of a 65 per cent interest in the Brisbane television station TVQO, and together with Pioneer Concrete Services, acquired a majority interest in Kathleen Investments which controls the Nabarlek uranium mine, in the Northern Territory.

Rights issue by Dutch insurer

BY CHARLES BATCHELOR IN AMSTERDAM

AMEV, THE Dutch insurance group, yesterday revealed plans for a major rights issue of both ordinary and preference shares to fund its recently announced acquisitions in Australia and the U.S.

The company will make a one-for-five issue of ordinary shares with a nominal value of Fl 14.96m ($7.7m) at a price which will be announced later. It will simultaneously place Fl 9.96m nominal of preference shares, 10 per cent paid up, at par with existing holders of preference shares.

The ordinary shares to be issued had a market value yesterday of Fl 148.1m.

Funds raised will be used mainly to finance the purchase of United Dominions Trust (Australia) of Sydney and the expected acquisition of Interfinancial of Atlanta, Georgia. The internationalisation of Amev's business has led to increasing demand for the company's shares abroad, it was stated.

Amev, which is the second largest Dutch insurance group, also reports a 19 per cent rise in net profit to Fl 24.7m for the first quarter of 1980 on turnover 13 per cent higher at Fl 835m ($428m). It expects profits for the year as a whole to rise by more than 10 per cent from the Fl 15.1m net achieved in 1979.

Pre-tax profit rose 22 per cent to Fl 35.4m in the quarter. In the life insurance division pre-tax profit was 26 per cent higher while non-life profits rose 42 per cent. Non-insurance activities saw profits fall 27 per cent.

● Nationale Nederlanden lifted revenues by 14 per cent in the first quarter of 1980 against an 11 per cent increase a year earlier, the company announced yesterday.

Excluding currency movements first quarter revenues rose 12 per cent, while the increase in costs remained well below that in revenues. The company, Holland's largest insurance group, confirmed that net profits this year will grow by at least 10 per cent.

Agence Havas buys 10% of Publicis

By David White in Paris

AGENCE HAVAS, a State-controlled concern which runs France's largest advertising network, has confirmed reports that it had built up a stake of more than 10 per cent in its main rival, Publicis, by buying shares on the stock market

The news brought a sharp reaction from Publicis, which said it had been neither consulted nor informed of the purchases, the cost of which is estimated to have been in the region of FFr 24m ($6m).

M. Marcel Bleustein-Blanchet, the 73-year-old chairman and founder of Publicis, said that this "unilateral initiative" would not interfere with his personal control over the company. M. Bleustein-Blanchet holds 78.5 per cent

Although this would seem to preclude the purchase of a larger stake, the move is seen as an attempt to fend off the possibility of a foreign take-over of Publicis. The share purchases could not have gone ahead without at least tacit consent from the State, which holds 56 per cent in Agence Havas.

Agence Havas, which is also involved in the travel business and in publishing, had turnover of FFr 4.14bn in 1978. The turnover of Publicis in the same year was FFr 2.37bn.

M. Bleustein-Blanchet's strong opposition to having the State-controlled group as shareholder led to speculation that the minority stake might later be re-sold to another private sector group acceptable to both sides.

The share purchases, made discreetly through a subsidiary of Agence Havas, Société Nationale d'Investissement pour la Publicité, were disclosed in a trade magazine at the weekend.

Modernisation plans for Tata Iron and Steel

BY R. C. MURTHY IN BOMBAY

TATA IRON and Steel Company (TISCO) has launched a Rs 3.40bn ($442m) modernisation programme. The plan envisages replacing over the next four years half of TISCO's steel making capacity by a new plant employing the oxygen steel making process, and setting up a new oxygen plant and a refractories plant to serve the new oxygen steel making shop. Two existing steel melting shops, one commissioned in 1912 and the other in 1923, will be scrapped and a saving of Rs 70m a year will be achieved on fuel oil alone.

At an extraordinary general meeting, Mr. J. R. D. Tata, the chairman, said the company had approached International Finance Corporation, of the U.S. for a foreign currency loan equal to Rs 550m and a rupee loan of Rs 1.25bn is being sought from the Government's Steel Development Fund, which was established by a levy on domestic steel prices.

TISCO, the only private sector steel unit in the country, was exempted from the loans-to-equity convertibility clause (which is incorporated in all agreements of loans given by financial institutions) when a Rs 300m loan was sanctioned under negotiation last year for captive coking coal mines development. The convertibility clause will not apply, says TISCO, for the loans under since the sources of finance are not termed financial institutions.

The company will also go ahead with its Rs 1.4bn normal rolling programme of replacements, which will be financed by internal resources.

The modernisation programme will add 200,000 tonnes to TISCO's steel production capacity, compared with the 108,000 tonnes envisaged in the original project report. It will generate an additional gross trading profit of Rs 500m a year from 1985 onwards.

Swedish shipping groups in talks

By Victor Kayfetz in Stockholm

TWO SWEDISH shipping groups, Broström and Transatlantic, have appointed a joint project group "to examine without preconditions the potential for closer collaboration." A report is due this autumn. "But this is absolutely not a question of a merger," Mr. Paul Pålsson, Broström's managing director, said.

Broström and Transatlantic, both based in Gothenburg, already work together in North Sea traffic through the recently created Tor Lloyd; in product tankers through the Crown carriers pool; in container traffic through ACL; and in domestic freight through ASG and Scanfreight.

"The next step in our collaboration is not as simple and easy as those previously agreed upon, which is why we have appointed the project group," Mr. Pålsson added.

ITT Portuguese offshoot plans to cut 212 jobs

BY JIMMY BURNS IN LISBON

ITT, the U.S. communications and electronics company, is to cut 212 jobs at its troubled Portuguese subsidiary Standard Electrica.

The Portuguese Government said yesterday that it had agreed to the redundancies to save the jobs of the remaining 2,500 workers at Standard whose jobs were threatened by the company's losses.

Standard said yesterday that the parent company would be issuing a formal statement in New York within the next three days. No further details have been made available. However, the redundancies are believed to be part of a financial recovery plan agreed to earlier this month after more than a year of talks between Government officials and ITT.

The 212 workers belong to Standard's semiconductor division which lost Es 126m ($2.6m) in 1978, the latest figures available. The division is expected to be closed with the remaining 600 workers transferred to other sectors of the company.

Standard makes nearly half of the main exchange equipment in Portugal, and has an expanding division in television manufacturing. In 1978 the company incurred total losses of Es 107m. ITT has a number of other interests in Portugal including hotels.

ITT withdrew its top management from Standard during the revolutionary upheavals in 1975. The company is believed to have agreed to assume full responsibility for its subsidiary and to increase its investment in Portugal. In return the Government has agreed to a package of financial and fiscal incentives and to the triming of Standard's labour force.

Dollfus bond issue

Dollfus-Mieg, a French textile group, intends to issue a convertible bond to raise FFrs.70m. Net consolidated income in 1979 was FFrs 64.3m compared with a loss of FFrs 14.8m in 1978.

Sharp rise at Texmaco

BY OUR BOMBAY CORRESPONDENT

TEXMACO, a Birla-owned engineering company, has reported a 35 per cent rise in sales for 1979 to Rs 370.2m ($48m) from Rs 273.5m a year earlier. The improvement was primarily the result of higher production in textile machinery, rolling stock, and structural divisions. Pre-tax profits rose by 31.40 per cent to Rs 16.32m ($2.1m) from Rs 12.42m in 1978.

The reduced profit margin, says Mr. K. K. Birla, Texmaco's chairman, came from the increased cost of inputs following "rampant inflation" and a substantial increase in the salaries and wages bill. The company has maintained the dividend for 1979 at 15 per cent.

Texmaco has diversified into the manufacture of chemical machinery by the acquisition of Modern India Construction Company, which had entered into technical collaboration with Lurgi for producer gas plants manufacture. The company has secured permission from the Government to set up a cement plant, which was the only field allowed by the Janata Government to big business houses (defined in terms of total assets of Rs 200m and above). It is exploring the possibility of importing cement plant to reduce the commissioning time of the project.

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In accordance with the provisions of the Notes, notice is hereby given that for the six month Interest Period from 29th May, 1980 to 28th November, 1980, the Notes will carry an Interest Rate of $10\frac{1}{16}$% per annum and the Coupon Amount per U.S. $1,000 will be U.S. $51.15.

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In accordance with the provisions of the Agent Bank agreement between Bilbao International N.V., Banco de Bilbao, S.A. and Citibank, N.A., dated May 27, 1980 notice is hereby given that the Rate of Interest for the initial interest period has been fixed at $10\frac{1}{16}$% p.a. and that the interest payable on the relevant Interest Payment Date, November 28, 1980 against Coupon No. 1 in respect of US$5,000 nominal amount of Notes will be US$255.76 and has been computed on the actual number of days elapsed (183) divided by 360.

May 30, 1980
By: Citibank, N.A., London, Agent Bank

CITIBANK

WEST GERMAN MOTOR INDUSTRY

Goliath gets to grips with Volkswagen

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A PILOT project which involved the introduction of 60 fully automatic, computer controlled robots at Volkswagen's commercial vehicle factory in Hanover has been so successful that the system will gradually be introduced to the group's other plants both in Europe and overseas.

VW is nearing the completion of a DM 450m ($257m) investment programme at Hanover. The outlay covered the introduction of a new version of its Transporter light van as well as plant rationalisation.

The gradual build-up of production of the new Transporter provided an ideal opportunity for VW to study the impact of the introduction of the robots, particularly the social implications, but also whether the robot maintenance problems could be coped with.

About 300 of the plant's 22,000 employees were directly affected by the change. Most of them were welders because the robots—the big ones have been called "Gollies" (for Goliath) and the smaller ones "Robbies"—are being used for body shell construction and replaced the manual welding lines.

VW had to add another 50 people to its maintenance staff at Hanover to handle the robots so the machines, in fact, "replaced" roughly 250 people.

The robots give great flexibility to production and are handling the 3,000 or so different variations of Transporters made at Hanover.

VW makes the robots itself (but not the control equipment) and has delivered some to other companies. The cost is around DM 250,000 each complete with the controls.

The Hanover plant, VW's second-largest in Germany, is capable of only a little further expansion and is running very near to capacity. However, there are so far no plans for a further commercial vehicle plant in Germany.

Instead, VW's drive to build up its commercial vehicle business will be concentrated outside Europe in the early 1980s.

The main emphasis will be in South America. In Brazil and Argentina VW has in the past year acquired majority holdings in companies formerly owned by Chrsyler of the U.S. for an estimated $100m. It will use the plants to make commercial vehicles. And in Peru it has won the concession to build medium-weight (5 to 6.5 tons) commercials for the Andean Pact countries.

To help cope with the move to production outside Germany, VW has recently set up a separate commercial vehicles sales and marketing division—the first time the group has formally separated cars and commercial vehicles even though it has been manufacturing the latter since 1956.

VW expects to be able to harmonise production in Brazil and Argentina and to have a considerable exchange of components and sub-assemblies between the two plants.

They will make the 6-to-9 ton trucks developed by VW in co-operation with its West German neighbour MAN.

In Latin America, however, VW might take its truck range to 15 tons. "We should have the capability to build our own heavier trucks in those parts of the world where MAN is not represented and where imports are restricted," commented Mr. Gustav Mayer, who heads VW's commercial vehicle operations.

The group also finds the prospect of making commercial vehicles in Mexico an enticing proposition. The problem there, however, is that only companies more than 50 per cent owned by Mexicans can obtain a licence to make diesel engines and there are not many industrial organisations of a size able to contemplate the investment which would be required for a VW venture.

VW might link with Chrysler's Mexican subsidiary, which is successful, has liquid funds and makes Perkins diesels under licence. But there is no guarantee that output of the engines will continue indefinitely because the Mexican authorities could rescind the production licence at any time.

Last year VW's commercial vehicle output in Germany went down from 93,000 to 92,000, a planned reduction caused by the launch of the new Transporter.

Output of the Transporter has reached capacity level of 700 a day but the Hanover plant could be made to handle up to 230 of the bigger LT vans a day, compared with the current 160, with minor alterations.

Production of the VW-MAN co-operative vehicles is split between Hanover and the MAN plant at Salzgitter roughly on a 75 per cent-25 per cent basis. At Hanover the current output is 15 a day (one morning shift only) but should reach 45 a day next year and could ultimately be stepped up to 60.

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WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 28, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2878
Algeria	Dinar	3.8325
Andorra	French Franc	4.1225
	Spanish Peseta	69.93
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	*Argentine. Peso*	*1812.00*
Australia	Australian $*	0.8787
Austria	Schilling	12.67
Azores	Portug. Escudo	48.88
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3778
Balearic Isles	Spanish Peseta	69.93
Bangladesh	Taka	14.8104
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	28.37
	B. Franc (F)	28.68
Belize	Belize $	2.00
Benin	C.F.A. Franc	206.125
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.8003
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7784
Brazil	Cruzeiro	50.00
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.1365
Bulgaria	Lev	0.879
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
Cameroun Repub'c	C.F.A. Franc	206.125
Canada	Canadian $	1.1605
Canary Islands	Spanish Peseta	69.93
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	206.125
Chad	C.F.A. Franc	206.125
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.4907
Colombia	Col. Peso (O)	46.42
Comoros Islands	C.F.A. Franc	206.125
Congo (Brazzaville)	C.F.A. Franc	206.125
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.6292
Cyprus	Cyprus Pound	0.3529
Czechoslovakia	Koruna (O)	5.50
Dem.Rep. S'oTome & Principe	S. Tome Dobra	34.3422
Denmark	Danish Krone	5.529
Djibouti, Rp. of	Djibouti Franc	171.938
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Pound (3)	0.6935
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	69.93
Ethiopia	*Birr (O)*	*2.0855*
Faroe Islands	Danish Krone	5.5292
Falkland Islands	Falkland Is. £*	2.3555
Fiji Islands	Fiji $	0.8096
Finland	Markka	3.649
France	French Franc	4.1225
French C'ty in Af.	C.F.A. Franc	206.125
French Guiana	Local Franc	4.1225
French Pacific Is.	C.F.P. Franc	73.4451
Gabon	C.F.A. Franc	206.125
Gambia	Dalasi	1.6882
Germany (East)	Ostmark (O)	1.7715
Germany (West)	Deutschemark	1.7715
Ghana	Cedi	2.75
Gibraltar	Pound *	2.3555
Gilbert Is.	Aust. $	0.8787
Greece	Drachma	43.30

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	5.5292
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.1225
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	33.3936
Guinea Republic	Syli	18.7347
Guyana	Guyanese $	2.5385
Haiti	Gourde	5.00
Honduras Repub	Lempira	2.00
Hong Kong	H.K. $	4.93
Hungary	Forint (O)	32.6022
Iceland	I. Krona	429.70
India	Ind. Rupee	7.8003
Indonesia	Rupiah	625.00
Iran	Rial	74.00
Iraq	Iraq Dinar	0.2953
Irish Republic	Irish Punt *	2.0972
Israel	Israeli Pound (4)	46.36
Italy	Lira	831.60
Ivory Coast	C.F.A. Franc	206.125
Jamaica	Jamaican Dollar	1.7835
Japan	Yen	222.65
Jordan	Jordan Dinar	0.2956
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.3314
Korea (Nth)	*Won*	*0.94*
Korea (Sth)	Won	583.00
Kuwait	Kuwait Dinar	0.2679
Lao P'ple D. Rep	Kip of Lib.	400.00
Lebanon	Lebanese Pound	3.4255
Lesotho	Loti	0.7835
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.6445
Luxembourg	Lux Franc	28.37
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	206.125
Madeira	Portugese Escudo	48.88
Malawi	*Kwacha*	*0.8125*
Malaysia	Ringgit	2.161
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	412.25
Malta	Maltese Pound	0.3396
Martinique	Local Franc	4.1225
Mauritania	Ouguiya	41.225
Mauritius	*M. Rupee*	7.5894
Mexico	Mexican Peso	22.84
Miquelon	French Franc	4.1225
Monaco	French Franc	4.1225
Mongolia	Tugrik (O)	3.3565
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	3.8702
Mozambique	*Moz. Escudo*	27.9856
Namibia	Rand	0.7835
Nauru Is.	Aust. $	0.8787
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	1.9472
NetherlandAntilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8787
	FNH	66.6209
New Zealand	NZ $	1.0175
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	206.125
Nigeria	Naira (O)	0.5803
Norway	Norwg. Krone	4.854
Oman, Sultanate of	*Rial Omani*	0.3455
Pakistan	Pkst. Rupee	9.91
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N. Guinea	Kina	0.67
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3416
Peru	Sol	270.24
Philippines	Ph. Peso	7.5055
Pitcairn Islands	NZ $	1.0175
Poland	*Zloty (O)*	*31.00*
Portugal	Port. Escudo	48.88
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.678
Reunion Ile de la	French Franc	4.1225
Romania	Leu	4.47
Rwanda	Rwanda Franc.	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Sterling *	2.3555
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.1225
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S $	1.00
San Marino	Italian Lira	831.60
Saudi Arabia	Saudi Riyal	3.3303
Senegal	C. F. A. Franc	206.125
Seychelles	S. Rupee.	6.6591
Sierra Leone	Leone.	0.8491
Singapore	*Singapore $.*	2.1565
Solomon Islands	S.I. $	0.8787
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7835
Spain	Peseta.	69.93
Spanish ports in North Africa	Sp. Peseta.	69.93
Sri Lanka	S. L. Rupee	15.50
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7835
Sweden	S. Krona.	4.173
Switzerland	Swiss Franc.	1.6445
Syria	Syria Pound.	3.9262
Taiwan	New Taiwan (O).	36.00
Tanzania	Tan. Shilling.	8.2893
Thailand	Baht.	20.50
Togo Republic	C.F.A. Franc	206.125
Tonga Islands	Pa'anga	0.8787
Trinidad & Tob.	Trin. & Tob. $	2.4065
Tunisia	*Tunisian Dinar*	*0.4131*
Turkey	Lira.	74.43
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8787
Uganda	Ug. Shilling	7.3314
United Arab Emir.	UAE Dirham	3.7035
United Kingdom	*£ Sterling **	2.3556
Upper Volta	C.F.A. Franc	206.125
Uruguay	Urug. Peso (m)	8.84
U.S.S.R.	Rouble	0.652
Vatican	Italian Lira	831.60
Venezuela	Bolivar	4.2937
Vietnam N.	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9174
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	20.9635
Zaire Republic	Zaire Zaire	1.9852
Zambia	Kwacha	0.7774
Zimbabwe	Zim $	0.6936

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) *Sudan—Official rate for specified exports and imports.* (2) *Sudan—Official rate for all transactions except specified exports and imports.*
(3). Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.
(5) Iranian Rial is now fixed at 92.3 per SDR effective May 22, 1980. Net rate 74.00.

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Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar improves

The dollar continued to improve in currency markets yesterday in generally quiet trading, with little in the way of fresh factors to stimulate much movement. Euro-dollar rates showed a slightly firmer tendency ahead of the month and this helped to underpin the U.S. unit. A cut in the U.S. *discount rate to 12 per cent from* 13 per cent had been anticipated by the market and consequently had little impact. The dollar opened at its weakest level and improved steadily to finish just *below its best level of the day.* Against the D-mark it rose to DM 1.7780 compared with Wednesday's close of DM 1.7730, and to SwFr 1.6545 from SwFr 1.6470 in terms of the Swiss franc. The dollar managed a small rise against the Japanese yen to Y223.80 from Y223.40. On Bank of England figures, however, its trade weighted index remained at 84.1.

Sterling was weaker overall after an initial selling order had prompted a more general switch into other currencies. Against the dollar it opened at $2.3540-2.3550 and dropped to $2.3435-2.3450 at which level the Bank of England stepped in to stabilise the rate. With the market meeting resistance at this lower level, demand for sterling soon picked up, and by noon *it* had recovered to $2.3500. It traded for much of the afternoon around this level but dipped to $2.3450 at one point before closing at $2.3460-2.3470, a fall of 1.25c. The pound's overall decline was reflected in its trade weighted index which fell to 74.4 from 74.6, having stood at 74.5 at noon and 74.6 in the *morning.*

D-MARK — Showing renewed strength against the dollar and steady within the European Monetary System, following firmer rates in Frankfurt and lower U.S. *interest rates — The* dollar was fixed at DM 1.7790 at yesterday's fixing in Frankfurt, compared with DM 1.7717 on Wednesday, and there was no intervention by the Bundesbank. The 1 per cent fall in the U.S. discount rate made little impact on the market, and attention was drawn towards the West German trade figures for April and cost of living index, with the latter showing a year on year rise of 6.1 per cent after 5.8 per cent in April. Elsewhere, sterling was *fixed lower at DM 4.1810 against* DM 4.1860 previously, and the Swiss franc eased to DM 1.0749 from DM 1.0757.

ITALIAN LIRA — Weakest member of the EMS, having risen briefly to the top of the system in February — The lira was generally weaker at yesterday's fixing in Milan, with the U.S. dollar fixed higher at L834.30 against L831.55 and the Swiss franc improving to L504.48 against L504.43. The Dutch guilder was higher at L427.3 compared with L427.20 and the French franc rose to L201.81 *from 201.50. On the other side* the D-mark was slightly weaker at L469.09 against L469.10, and sterling slipped to L1,960.4 from L1,962.1.

JAPANESE YEN — Energy and balance of payments problems reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates *have helped the yen recover* — The dollar continued to improve against the Japanese yen in Tokyo yesterday, finishing at Y223.75 compared with an opening level of Y224.00 and Wednesday's close of Y222.90. *A fall in* the U.S. discount rate to 12 per cent was unlikely to affect Japan's current monetary policy according to Bank of Japan officials, with the main task still the reduction of domestic wholesale prices. But market sources suggested that the Bank may come under pressure to cut the discount rate, currently standing *at 9 per cent, since the last in*crease was primarily in response to record U.S. interest rates which have recently dropped considerably.

THE POUND SPOT AND FORWARD

May 29	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3435-2.3560	2.3460-2.3470	1.55-1.45c pm	7.67	4.00-3.90 pm	6.73
Canada	2.7160-2.7350	2.7215-2.7225	1.25-1.15c pm	5.29	3.65-3.55 pm	5.29
Nethlnd.	4.56½-4.61	4.57½-4.58½	2⅞-1⅞c pm	5.57	6⅛-5⅛ pm	5.35
Belgium	66.60-67.16	66.65-66.75	10c pm-par	0.90	32-22 pm	1.62
Denmark	12.95-13.01	12.97-12.98	2½-3¾ore dis	−2.88	6½-7½ dis	−2.16
Ireland	1.1205-1.1270	1.1210-1.1220	0.04p pm-par	0.21	0.30-0.25 pm	0.98
W. Ger.	4.15½-4.19½	4.17-4.18	3¼-2¼pf pm	7.90	8-7 pm	7.19
Portugal	114.50-115.70	114.70-114.90	15c pm-25c dis	−0.52	30-80 dis	−1.92
Spain	164.00-164.90	164.00-164.10	85-35c pm	4.39	115-50 pm	2.01
Italy	1,954-1,964	1,955½-1,956½	¼-2¾lire dis	−1.07	9½-12½ dis	−2.25
Norway	11.38-11.45	11.38½-11.39½	3¼-1½ore pm	2.44	11⅞-10⅞ pm	3.55
France	9.68-9.74	9.69-9.70	4½-3¼c pm	4.64	10-9 pm	3.92
Sweden	9.79-9.85	9.79½-9.80½	3-2¼ore pm	3.21	6½-5½ pm	2.45
Japan	*520-530*	524½-525½	2½-1¾y pm	4.86	6-5 pm	4.19
Austria	29.67-29.90	29.70-29.75	20-15gro pm	7.06	55-45 pm	6.72
Switz.	3.86½-3.91	3.88-3.89	3⅞-2⅞c pm	10.42	11⅞-10⅞ pm	10.94

Belgian rate is for convertible francs. Financial franc 67.40-67.50. Six-month forward dollar 6.72-6.62c pm. 12-month 9.70-9.60c pm.

THE DOLLAR SPOT AND FORWARD

May 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3435-2.3560	2.3460-2.3470	1.55-1.45c pm	7.67	4.00-3.90 pm	6.73
Ireland†	2.0900-2.0925	2.0915-2.0925	1.40-1.30 pm	7.98	4.20-4.10 pm	7.74
Canada	1.1585-1.1604	1.1591-1.1594	0.31-0.36c dis	−3.45	0.46-0.51dis	−1.67
Nethlnd.	1.9474-1.9535	1.9490-1.9500	0.20-0.30c dis	−2.51	0.50-0.60dis	−1.84
Belgium	28.415-28.51	28.42-28.44	13-15c dis	−5.91	37-40 dis	−5.42
Denmark	5.5205-5.5285	5.5285-5.5300	4.25-4.75ore dis	−9.77	11.8-13.0dis	−8.97
W. Ger.	1.7725-1.7810	1.7775-1.7785	0.5pf pm-0.5pf dis	—	0.25-0.15 pm	0.45
Portugal	48.93-49.03	48.93-49.03	30-45c dis	−9.19	75-125 dis	−8.17
Spain	69.95-70.11	69.95-70.05	18-35c dis	−4.54	75-95 dis	−4.86
Italy	*834.30-835.00*	*834.00-834.50*	6-7lire dis	−9.35	18½-20 dis	−9.23
Norway	4.8550-4.8625	4.8550-4.8580	1.50-2.00ore dis	−4.32	2.50-3.00dis	−2.26
France	4.1240-4.1385	4.1315-4.1335	0.95-1.05c dis	−2.90	2.80-3.00dis	−2.81
Sweden	4.1775-4.1800	4.1780-4.1790	1.50-1.70ore dis	−4.59	4.50-4.70dis	−4.40
Japan	222.60-224.30	223.75-223.85	0.40-0.60y dis	−2.68	1.35-1.55dis	−2.59
Austria	12.67-12.69	12.665-12.675	par-0.60gro dis	−0.28	0.4pm-1.35d	−0.30
Switz.	1.6480-1.6605	1.6540-1.6550	0.63-0.53c pm	4.21	1.93-1.83 pm	4.55

† UK and Ireland are quoted in U.S. currency. Forward *premiums* and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.557829	0.602561
U.S. $	15	1.31815	1.42084
Canadian $	11.83	1.53282	1.64981
Austria Sch.	6¾	16.6601	17.9878
Belgian F	14	37.4355	40.3323
Danish K	13	7.28805	7.85439
D'Mark	7½	2.33537	2.52042
Guilder	10	2.56644	2.76779
French Fr.	9½	5.44923	5.86806
Lira	*15*	*1096.04*	*1181.43*
Yen	9	293.552	316.776
Norwgn. Kr.	9	6.40587	6.89746
Spanish Pts.	8	92.1387	99.4587
Swedish Kr.	10	5.49565	5.92845
Swiss Fr.	3	2.17600	2.34254

CURRENCY MOVEMENTS

May 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.4	−31.5
U.S. dollar	84.1	−9.37
Canadian dollar	81.2	−16.7
Austrian schilling	155.5	+24.0
Belgian franc	115.8	+15.9
Danish kroner	106.9	−4.5
Deutsche mark	164.9	+44.2
Swiss franc	196.2	+78.0
Guilder	125.2	+19.6
French franc	101.2	−5.8
Lira	63.6	−50.7
Yen	126.8	+25.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 29	£	$		£ Note Rates
Argentina Peso	4234-4254	1811-1815	Austria	29.60-29.90
Australia Dollar	2.0475-2.0515	0.8723-0.8728	Belgium	66.90-67.50
Brazil Cruzeiro	116.83-117.83	49.935-50.155	Denmark	12.92-13.00
Finland Markka	8.57-8.59	3.6580-3.6600	France	9.63-9.69
Greek Drachma	101.114-103.461	42.90-43.10	Germany	4.15-4.1850
Hong Kong Dollar	11.51-11.53	4.9060-5.00	Italy	1920-1988
Iran Rial	n/a	n/a	Japan	523-528
Kuwait Dinar(KD)	0.624-0.634	0.2682-0.2684	Netherlands	4.5450-5750
Luxembourg Frc.	66.65-66.75	28.42-28.44	Norway	11.36-11.44
Malaysia Dollar	5.07-5.08	2.1615-2.1655	Portugal	111-116
New Zealand Dlr.	2.3750-2.3800	1.012-1.013	Spain	159.25-167.00
Saudi Arab. Riyal	7.76-7.86	3.329-3.331	Sweden	9.77-9.84
Singapore Dollar	5.01-5.02	2.1335-2.1355	Switzerland	3.865-3.895
Sth. African Rand	1.8459-1.8485	0.7828-0.7838	United States	2.3430-2.3520
U A.E. Dirham	8.63-8.73	3.7010-3.7025	Yugoslavia	47.50-52.00

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3883	+1.45	+0.54	±1.53
Danish Krone	7.72336	7.83442	+1.44	+0.53	±1.64
German D-Mark	2.48208	2.51857	+1.47	+0.56	±1.125
French Franc	5.84700	5.85949	+0.21	−0.70	±1.3557
Dutch Guilder	2.74362	2.76661	+0.84	−0.07	±1.512
Irish Punt	0.668201	0.678029	+1.47	+0.56	±1.668
Italian Lira	1157.79	1183.40	+2.21	+1.30	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.10-9.20 per cent; three-months 9.20-9.30 per cent; six-months 9.25-9.35 per cent; one year 9.30-9.40 per cent.

May 29	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17¼-17½	9½-9⅝	—	11⅛-11⅜	17-30	9⅜-9½	12¼-12½	14-16	—	12-13
7 days' notice	17⅜-17⅝	9¼-9½	18-20	11⅛-11⅜	3¼-5½	9⅜-9½	12¼-12½	17½-21½	9⅛-9⅜	12⅛-12⅝
Month	17½-17⅝	9⅜-9⅝	11½-11⅞	11⅛-11⅜	5⅜-5⅝	9⅜-9½	[illegible]	18-19½	9⅜-9½	12¼-12½
Three months	17-17¼	9¾-10	11⅜-11½	11-11¼	5⅜-5½	9-9⅛	12½-12⅝	18-19½	9⅝-9¾	[illegible]
Six months	16¼-16⅜	9⅞-10⅛	10⅛-10½	10¾-11	[illegible]	9-9⅛	12⅝-12⅞	18-19½	[illegible]	[illegible]
One year	15-15½	9⅞-10⅛	9¾-10¼	10⅝-10⅞	5⅜-5½	8½-8⅝	[illegible]	17-18½	[illegible]	10⅝-10⅞

Long-term Eurodollar two years 10¼-10½ per cent; three years 10½-10¾ per cent; four years 10⅝-10⅞ per cent; five years 10⅝-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 29	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYen	FrenchFranc	Swiss Franc	DutchGuild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.347	4.175	525.0	9.696	3.885	4.580	1956	2.722	66.70
U.S. Dollar	0.426	1.	1.779	223.7	4.132	1.655	1.952	833.6	1.160	28.43
Deutschemark	0.240	0.562	1.	125.7	2.322	0.931	1.097	468.8	0.652	15.98
Japanese Yen 1,000	1.905	4.470	7.952	1000.	18.47	7.400	8.724	3726.	5.185	127.0
French Franc 10	1.031	2.420	4.306	541.5	10.	4.007	4.724	2018.	2.808	68.80
Swiss Franc	0.257	0.604	1.075	135.1	2.495	1.	1.179	503.5	0.701	17.17
Dutch Guilder	0.218	0.512	0.912	114.6	2.117	0.848	1.	427.1	0.594	14.56
Italian Lira, 1,000	0.511	1.200	2.134	268.4	4.957	1.986	2.342	1000.	1.392	34.10
Canadian Dollar	0.367	0.862	1.534	192.9	3.562	1.427	1.683	718.6	1.	24.50
Belgian Franc 100	1.499	3.518	6.259	787.1	14.54	5.825	6.867	2933.	4.081	100.

INTERNATIONAL MONEY MARKET

Dutch rates ease

Interest rates showed a slightly easier tendency in Amsterdam yesterday following the latest cut in the U.S. discount rate. But dealers were quick to point out that any cut in Dutch key lending rates would probably only be considered after a fall in West *German rates. The Dutch dis*count rate currently stands at 10 per cent and was last raised on May 2, the same day as West Germany increased its discount rate. Yesterday, call money slipped to 10½ per cent from 11¼ per cent and six-month money was lower at 10¾ per cent against $11\frac{1}{16}$ per cent previously.

Next week's payment of a *Fl 1.4bn Government bond issue* may cause a temporary shortage of funds, but should be countered by the Nederlandsche Bank's 18-day special drawing facility.

In Paris short-term money rates continued the easier trend started over the past week, with call money quoted at 12¼ per cent down from $12\frac{5}{16}$ per cent on Wednesday, its lowest level since April 15. Longer term rates were also down in places. A further auction of Treasury bills was announced by the Bank of France yesterday. The bank is to offer FFr 2.6bn of 12-month Treasury bills on June 2. The last auction on May 5 gave a yield of 13.526 per cent.

In Frankfurt there were no new credit policy decisions taken at the fortnightly meeting of the Bundesbank central council, in line with market expectations. In the money market, call money eased to 9.35 per cent from 9.525 per cent while longer term rates were unchanged.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Early indications pointed towards a surplus of funds in the London money market yesterday, but the authorities ended up buying a small number of Treasury bills direct from the discount houses. The small net take up of Treasury bills was *more than outweighed* by a small excess of Government disbursements over revenue transfers to the Exchequer, and banks bringing forward balances a small way above target. Discount houses were paying around 16⅞ per cent for secured call loans for most of the day.

In the interbank market, overnight loans opened at 17¼-17½ per cent and eased on the forecast to 16¾-16⅞ per cent, staying at this level for most of the morning and early lunch. Rates dipped to 16-16½ per cent during the afternoon, but rose to 16¾-17 per cent before finishing at 15-16 per cent.

GOLD

Weaker trend

Gold lost $5 an ounce in the London bullion market yesterday to close at $517-520 in generally featureless trading. The fall reflected an easier tendency in the U.S. dollar during the afternoon. Gold opened at $518-521, and was fixed during the morning at $521.00. It touched a best level of $521-522¼, but slipped back at the afternoon fixing to $519.60.

In Paris the 12½-kilo bar was fixed at FFr 72,800 per kilo ($547.66 per ounce) compared with FFr 72,500 ($545.17) in the morning and FFr 72,750 ($547.35) on Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 29,840 per kilo ($522.02 per ounce) against DM 29,900 ($524.87) previously, and closed at $518¾-520¾ compared with $525¾-528¾ an ounce on Wednesday.

In Zurich gold finished at $518-522 against $523-527 previously.

GOLD

	May 29		May 28	
Gold Bullion (fine ounce)				
Close	$517-520	(£220½-221½)	$513-516	(£216½-217.9)
Opening	$518-521	(£220-221¼)	$512-515	(£216.8-218.2)
Morning fixing	$521.00	(£221.797)	$514.20	(£217.789)
Afternoon fixing	$519.60	(£221.106)	$514.80	(£216.849)
Gold Coins				
Krugerrand	$535-538	(£228-229½)	$531-534	(£224-226)
Mapleleaf	$530-535	(£225½-228½)	$525-531	(£221-224)
New Sovereigns	$132-133	(£56¼-57¼)	$131½-133	(£55½-56¼)
King Sovs	$168-171	(£71½-73½)	$159-162	(£67-69)
Victoria Sovs	$168-171	(£71½-73½)	$160-163	(£67½-69½)
French 20s	$144-147		$142-145	
50 pesos Mexico	$645-650		$641-646	
100 Cor. Austria	$513-518		$509-514	
$20 Eagles	$646-649		$638-641	
$10 Eagles	—		—	
$5 Eagles	—		—	

MONEY RATES

NEW YORK

Prime Rate	14-14½
Fed. Funds	10¼-10⅜
Treasury Bills (13-week)	7.68
Treasury Bills (26-week)	7.80

GERMANY

Discount Rate	7.5
Overnight Rate	9.35
One month	10.075
Three months	10.175
Six months	9.90

FRANCE

Discount Rate	9.5
Overnight Rate	12.25
One month	12.3125
Three months	12.50
Six months	12.60

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.6875
Bills Discount (three-month)	13.8125

LONDON MONEY RATES

May 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over night	—	15-17¼	—	—	—	17¼	16-16½	—	—	—
3 days notice	—	—	17¼-17⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	16⅞-17⅛	17⅜-17½	—	17¼	17¼	16⅝-16¾	—	—	—
One month	[illegible]	17⅛-17¼	17¼-17½	18⅜-18⅛	17⅜	17¼	16¾	[illegible]	—	—
Two months	[illegible]	[illegible]	—	17½-17¼	17⅜	—	16½-16⅝	[illegible]	[illegible]	17¼
Three months	[illegible]	[illegible]	17⅛-17¼	17½-17	17⅜	17⅜	16⅜	[illegible]	[illegible]	17⅜
Six months	16¼-16⅛	16¼-16⅜	16-16½	16-15¾	16⅝	—	—	[illegible]	[illegible]	16⅞
Nine months	[illegible]	15½-15⅝	—	15⅞-15⅜	15⅞	—	—	—	[illegible]	16½
One Year	[illegible]	15-15⅛	15⅝	15½-15⅜	15⅞	—	—	—	—	—
Two years	—	—	15⅛-15¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 15 per cent; four years 14⅞ per cent; five years 14⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅝ per cent, four-month trade bills 16⅝ per cent.

Approximate selling rates for one-month Treasury bills $15\frac{27}{32}$-$15\frac{25}{32}$ per cent; two-months $15\frac{25}{32}$ per cent; three-months 16-16 1-64th per cent. Approximate selling rates for one-month bank bills $17\frac{1}{32}$-$17\frac{1}{32}$ per cent; two-months $16\frac{3}{4}$-$16\frac{25}{32}$ per cent; three-months $16\frac{9}{16}$-$16\frac{1}{2}$ per cent; one-month trade bills 17½ per cent; two-months 17⅛ per cent; and three-months 16⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. **Clearing** Bank Deposit Rates for sums at seven days' notice 15 per cent. **Clearing Bank Rates** for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.0947 per cent.

WORLD STOCK MARKETS

Easier early Wall St. tone

HAMPERED BY fresh profit-taking, Wall Street showed a slightly easier bias at mid-session yesterday, although the morning's trading was active.

The Dow Jones Industrial Average shed 2.04 to 858.28 at 1 p.m., while the NYSE All Common Index lost 10 cents at $63.78 and declines narrowly exceeded advancing issues. Turnover expanded to 28.46m shares from the 24.78m recorded at 1 p.m. the previous day.

The stock is overbought after a close to 100 points rise in the D-J Industrial Average within the past couple of months and is attracting profit-taking, analysts commented.

They said the drop in the discount rate, announced after Wednesday's close, had little effect on stock prices. It had ben anticipated because of the slowdown in bank loan demand and the fall in other interest rates.

Some Oil issues which were strong on Wednesday turned easier. Standard Oil California lost $1 to $74¼ in active trading. Standard Oil Ohio shed ⅜ to $97⅜, but Mobil put on ⅝ more to $74¼ in an active business.

ATT put on ⅛ to $53⅜. The Federal Communications Commission voted to give the company a rate return of 10.5 per cent, up from a previous 9.5 per cent.

Sea Containers advanced $1⅝ to $20⅞. The company expects 1980 net earnings to rise to between $40 and $40m from $28m in 1979.

Reading and aBtes climbed $3⅜ to $42⅜ after a favourable Press report.

THE AMERICAN SE Market Value Index was off 0.50 at 273.46 at 1 pm after volume of 3.09m shares (2.76m).

Scurry-Rainbow rose 2¼ to $93 after an 11 points gain on Wednesday. It is involved in a take-over proposal.

Closing prices for North America were not available for this edition.

Canada

Markets retreated over a broad front in an active early business. The Toronto Composite Index lost 17.2 to 1,980.0 at noon, while the Oil and Gas index declined 25.7 to 4832.7 and Golds 22.8 to 3,151.0 In Montreal, Banks remained particularly weak, falling 5.53 to 340.87.

Tokyo

Stocks closed with an easier bias after a moderate trade of 280m shares (340m), with dealers stating that the one percentage point cut in U.S. Official Discount Rate had made no impact on the market.

The Nikkei-Dow Jones Average shed 7.65 to 6,841-40, while falls on the First Market section led prices by 335 to 267.

An early firming tendency in Energy issues, Trading Houses and Blue Chips was later reversed by profit-taking. Trading Houses were widely lower on the day, with C. Itoh down Y12 at Y438, Mitsui Y8 weaker at Y336 and Marubeni off Y10 at Y367. Blue Chips recorded small net declines, although Sony gained Y20 at Y2,040 and TDK Electronic Y10 at Y2,000.

Nippon Steel were only Y1 up at Y142 after sharply higher annual profits.

Speculatives, however, continued to meet demand despite the Stock Exchange President's warning about speculative trading in the political season. Miyaji Iron Works rose Y50 to Y1,810, Nippon Signal Y65 to Y675, Japan Wool Y50 to Y884 and Tokico Y74 to Y780.

Germany

Bourse prices were inclined to further improve in a moderate turnover, taking the Commerzbank 4.9 higher to 713.9.

Preussag advanced DM 5 more to DM 205 for a two-day rise of DM 11.50, benefiting from doubled 1979 group net income. However, Schering contrasted in Chemicals with a fall of DM 4.50 to DM 183.00 on lower 1979 earnings.

Among Motors, good demand lifted BMW DM 2, Daimler DM 3.50 and Mercedes DM 2.20. Kaufhof added DM 3 in Stores and Metallgesellschaft DM 4 in Engineerings, but Deutsche Bank receded DM 1.

Demand remained solid and supply short in the West German Bond markets, driving up prices of Public Domestic issues by 50 pfennigs. The Bundesbank sold paper valued at DM 11m against DM 18.1m sales on Wednesday.

Australia

Although profit-taking brought some notable declines, the general trend remained upwards with Oils providing further strong gains.

Strata Oil featured in the active Oils sector with a fresh advance of 22 cents to 64 cents, more than five times the price before it announced a successful gas test in a well it shares in the Perth Basin.

Southern Pacific jumped A$2.50 to A$23.00, Santos 40 cents to A$13.40 and Vamgas 30 cents to A$6.50, while Ampol Exploration, well supported in London overnight, added 15 cents at A$2.65. Bridge Oil, however, receded 17 cents to A$3.98.

Among Minings, Utah firmed 20 cents to A$5.00, Peko 10 cents to A$7.50, Ashton 10 cents to A$2.75 and Coal and Allied 25 cents to A$11.75, but MIM lost 18 cents to A$4.40. Queensland Mines 30 cents to A$6.50, Renison 30 cents to A$16.70 and Bougainville Copper 7 cents to A$2.28.

Industrial leader BHP put on 15 cents to A$14.20, but CSR shed 8 cents to A$6.40.

Paris

The market continued to show a softening tendency in fairly thin trading, with declining issues outnumbering gains by 106 to 70 at the closing bell.

Market observers said investor sentiment had been further sapped by the French National Statistics Institute's latest monthly survey of the industrial scene in France, the State-run body found that industrial activity is stagnating and that industrialists are pessimistic about prospects for the coming months.

Johannesburg

Gold issues mostly lost a little ground after the recent advance, with dealers reporting small U.S. selling.

Mining Financials also turned easier, while Diamond leader De Beers retreated 15 cents to R9.90. Platinums declined by between six and 10 cents, while Coppers had Messina 5 cents off at R4.50.

Barlow Rand was marked down 40 cents to R10.10 in easier Industrials, although dealers said current student unrest appeared to be having little impact on shares.

Hong Kong

Wednesday's firmer trend was continued at the opening yesterday, but the market slipped back later to finish on a mixed note after fairly quiet trading. The Hang Seng index was 1.53 off on the day at $$3.43, after an early gain of 2.69.

Among the leaders, Hongkong Bank gained 10 cents at HK$14.20, but Hutchison Whampoa and Jardine Matheson lost 10 cents each at HK$7.85 and HK$14.60 respectively.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Rents fail to beat inflation

COMMERCIAL RENTS are now growing more slowly than they have done since the start of 1978 and they continue to lag well behind the rate of inflation.

The latest Investors Chronicle-Hillier Parker rent index shows that average commercial rental values in the six months up until May were rising at a fairly buoyant 15 per cent, though they actually fell by nearly 5 per cent if inflation was taken into account.

The index clearly charts the relatively poor current performance of the retail sector, which had previously led the field in terms of rental growth since 1977. It suggests that, in the period under review, average shop rents rose by just under 11 per cent (little more than half the rate recorded in the six months before) and some observers expect to see the shops sector lose further ground as the recession bites deeper.

According to the latest figures, the regional pattern of shop rental growth is mixed, with only inner suburban London and the south-east region beyond the capital showing rises comparable with the increase in inflation. Central London continues to show sluggish growth, which would have been even poorer but for rises in "fringe" centres like Victoria and Cheapside.

The index shows that average rental values for office space grew by 16½ per cent over the latest six-month period while those for industrial properties rose by a little under 19 per cent. For the second successive half-year, average rents on all types of properties showed a negative growth once inflation was taken into account.

Despite growing signs that the industrial market is now weakening and could face a difficult period ahead, the sector has up until now continued to perform very well and the recent rate of rental growth was, with the exception of the same period a year earlier, the highest recorded by the index since 1973-74.

In the offices market, the rise in rental values has taken place mainly in central London, with increases over the last six months running at an annual rate of more than 31 per cent in the Holborn-Marylebone district. The West End was close behind, showing an average 26 per cent rise while the central City area could only record an increase equating to 17 per cent a year.

There is some evidence in the figures to support the popular theory that the gap between City and West End rents is slowly narrowing and the index itself tends to suggest that this trend has been developing for the past 18 months.

Land Securities scheme pre-let

LAND SECURITIES (Management) has pre-let 51-54 Gracechurch Street to ANZ Banking Group at a starting rent of over £500,000 a year with a review on completion. The deal is subject to about 8,500 sq ft being sub-let to existing tenants.

The building, owned by London Real Property — a Land Securities subsidiary— is being extensively refurbished and comprises just over 39,000 sq ft of office space. There is a banking hall on the ground floor and seven upper office floors. ANZ, which plans to move in during 1981, will continue to occupy the adjacent building. Weatherall Green and Smith advised ANZ and Land Securities Management represented the landlords.

● Coca-Cola Export Corporation is to take English Property Corporation's development on the site of the former Ponting's department store in Kensington High Street, W8. It will pay an initial rent of £335,902 a year for the 31,280-sq-ft building, based on a 25-year lease with five year reviews. Erdward Erdman acted for EPC and Smith Melzack advised Coca-Cola.

● Hoare Govett has taken a 25-year lease at an initial rent of £7,080 a year on 2,575 sq ft of light industrial space at 79, Farringdon Road, EC1. The tenants were represented by Jones Lang Wootton.

● Having refurbished and then let 10, Cumberland Place, Southampton to Access for a rent of around £4.25 a sq ft, Carlton Real Estates has now contracted to sell the property to National Farmers Union Mutual Assurance Society for £310,000, which equates to a yield of 4.64 per cent. Carlton managing director Mark Keegan says the deal, which involves the company's first provincial period refurbishment, bears out his belief that there is a market for the "Haslemere" treatment in good provincial centres.

● Winterite of Leeds have paid £562,000 for a mainly freehold but part leasehold single-storey factory complex in Gelderd Road, Leeds, from Cadbury Schweppes. The buildings, including a two-storey office block, extend to about 88,500 sq ft. Henry Butcher acted for Cadbury Schweppes and Roland Stross represented Winerite.

● Laing Properties has handed over to Marks and Spencer its new Harrow store four months ahead of schedule. The 50,000 sq ft store should be open in mid-November and the supporting nine shops in Laing's Harrow town centre scheme should be ready for shopfitting in August. Also included in phase one of the scheme, being developed in partnership with the borough of Harrow, is Sheridan House, a 22,225 sq ft air conditioned office building, currently being offered for letting by Laing Properties' sole agents, Edward Erdman.

● Arrowcroft is to develop, in association with Standard Life Pensions Funds, a 70,000 sq. ft. industrial and warehousing complex close to Piccadilly station in Manchester. Units on the 3.4-acre site at the junction of Mancunian Way and Downing Street, will be available from the summer of 1981. Sykes Waterhouse and John Taylor acted for Arrowcroft and Standard Life respectively.

● Rents on the Hammersmith industrial estate, being developed jointly by Barclaytrust and Second London Wall, have reached £375 a sq. ft., one of the highest levels achieved for new industrial space in central London. The scheme is not due for completion until August but is almost completely pre-let or under offer by joint agents Grant and Partners and Healey and Baker.

● The Property Unit Trusts Group is making new issues of units in two of its funds, the Pension Fund Property Unit Trust and the Pension Fund Agricultural Property Unit Trust. The new subscription price for PFPUT units will be £2,095, to yield an estimated 5.1 per cent, and the unit offer from PFAgPUT is priced at £1,350 to yield an estimated 3.7 per cent. Both offers will be made today.

Boston in Bishopsgate

THE First National Bank of Boston seems set to join Deutsche Bank at 6-8 Bishopsgate, the 24-storey building jointly developed by Baring Nominees.

Brothers and Electricity Supply

It appears that both Deutsche Bank and First National were initially bidding against each other to become major occupiers, along with Barings, at Bishopsgate but the two parties—which enjoy close links —reached an agreement to resolve the situation.

Apparently Deutsche Bank, which needs fairly urgently to expand from its existing Moorgate premises, agreed that it would take about 70,000 sq ft of offices in the 150,000 sq ft building at a rent of close to £23.50 a sq ft and it would then sub-let space to First Bank of Boston.

Several floors will be surplus to Deutsche's requirements and it is understood that First Bank of Boston will be taking the mezzanine and two or three other floors as well. The rental is expected to be at the same level which Deutsche will itself be paying.

Though the rent set represents a new breakthrough for large, prime City space and the joint developers seem happy about the deal, it is believed that Deutsche Bank is also pleased with the outcome, having been given clearance to go substantially higher in order to obtain the space.

Dutch in doldrums

AGAINST a dull economic background with rising unemployment, high interest rates and mounting inflation, the Netherlands property market currently presents a mixed bag of opportunities for potential British investors.

But despite the comparatively bleak outlook a survey published this week by Savills says there is no shortage of ready buyers for good quality offices and shops and "opportunities to buy prime investments are few and far between."

In the short term the rental market may now be running out of steam. On retail space, which has recently been one of the most attractive sectors for overseas investors, Savills says: "Shop rents, having moved up over the past year, may well plateau for a time.

As in the UK, the effect of an unhealthy economy on investment intentions has to be set against localised shortages of prime properties and sites, which should help underpin capital values. The lack of good investment opportunities at home has led Dutch institutions to look increasingly overseas, particularly in the U.S., for property deals.

Prospects for offices appear mixed, with a strengthening of a two-tier market the most likely development. Savills note that offices outside the pricipal Randstad market are not greatly in demand but says that the position within the Randstat area — which embraces Amsterdam, Rotterdam and The Hague — is "somewhat different."

Top Amsterdam office rents, it says, are now standing at around Fl 300-325 per sq metre compared with Fl 170-200 per sq metre in provincial cities.

Fareham goes ahead

SAMUEL PROPERTIES and Standard Life Assurance are going ahead with the second phase of the Fareham shopping centre in Hampshire. The scheme will cost an estimated £6½m and should be finished by early 1982.

The development will comprise around 100,000 sq ft of retail space and car parking space for 240 vehicles. There will be a major store of 46,000 sq ft and 27 other shop units. No tenants have yet been lined up.

The first phase of the Fareham centre was completed at the end of 1976 at a cost of £7m and involved around 350,000 sq ft of enclosed retail space and an additional 20,000 sq ft of offices.

Tenants in phase one include Marks and Spencer, Boots and J. Sainsbury and there are 56 other stores. When tenants were signed up in 1976 annual rents of up to £15,000 a standard unit were achieved. The developers say it is too early ot start talking about the cost of space in phase two.

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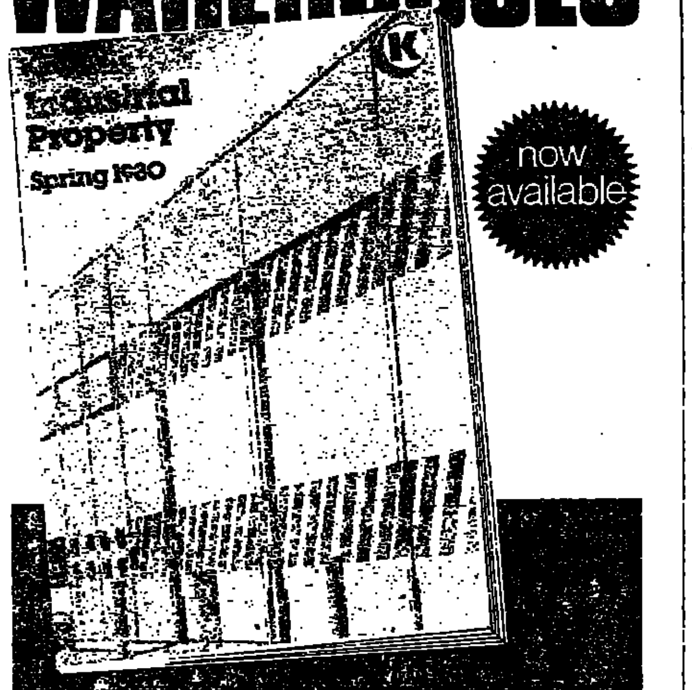

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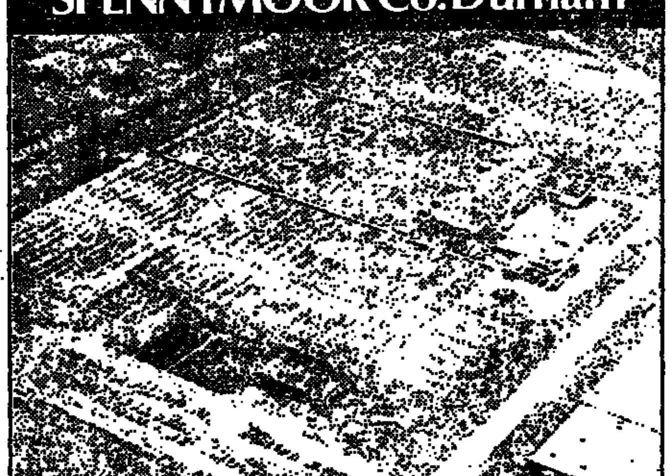

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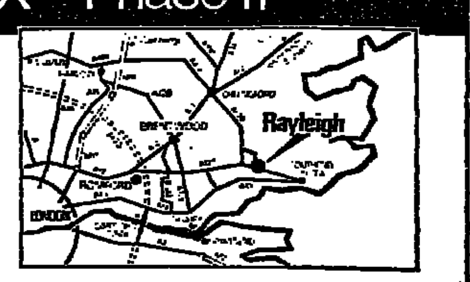

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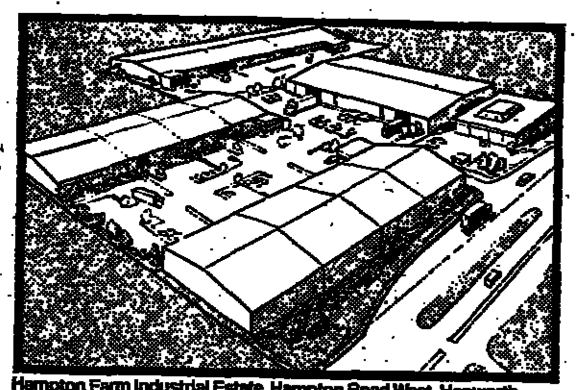
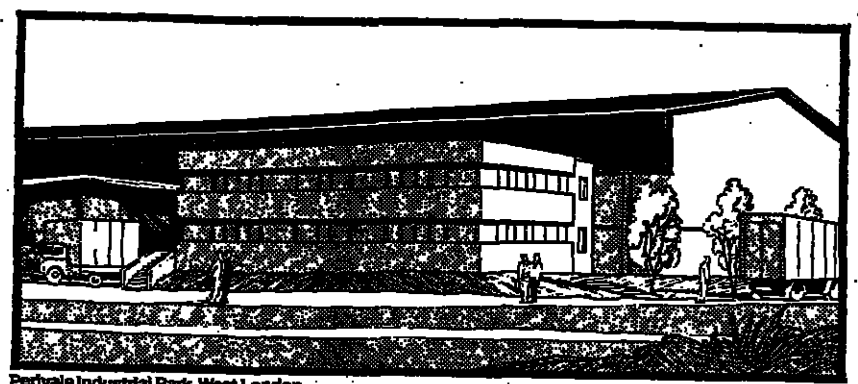
هكذا من الأصل

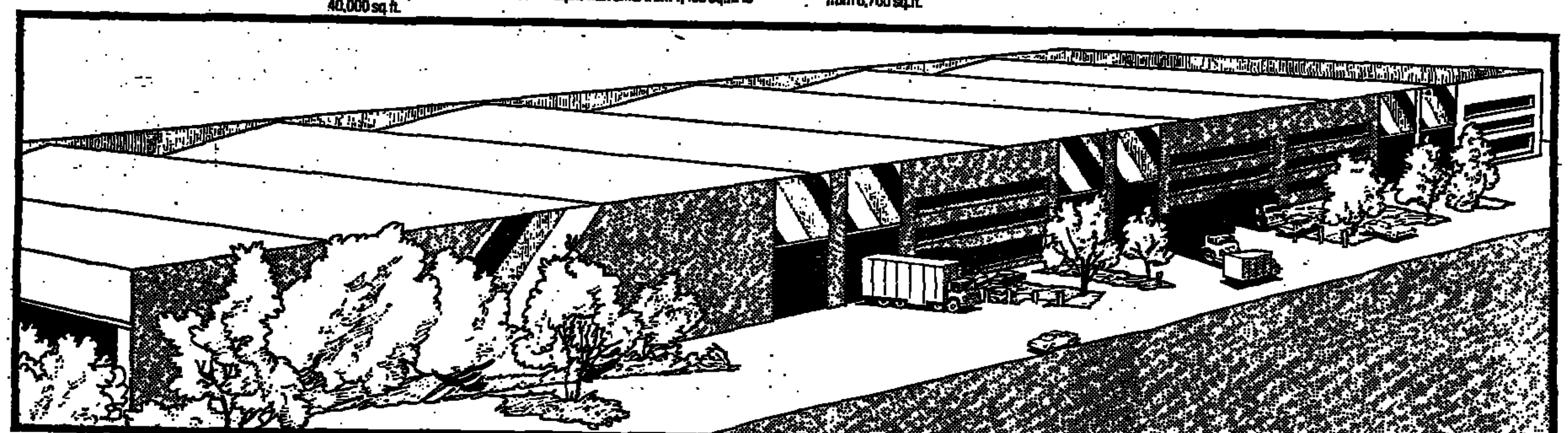
Industrial/Commercial Property



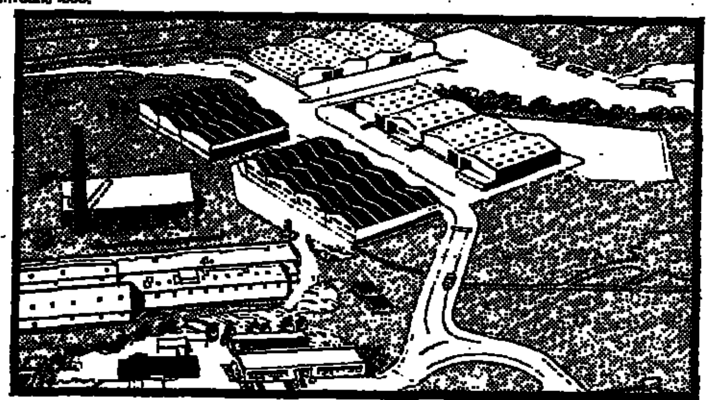
Hampton Farm Industrial Estate, Hampton Road West, Hanworth
This new estate just off the A316 and close to the M3/M4. When completed in the autumn it will provide a total of 156,000 sq.ft. with units from 1,485 sq.ft. to 40,000 sq.ft.



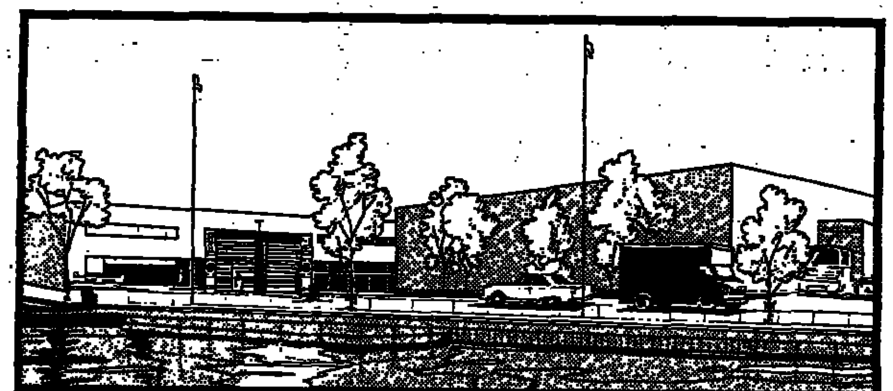
Perivale Industrial Park, West London
A 25 acre development nearing completion, with 300,000 sq.ft. let 70,000 available now. Units are from 6,700 sq.ft.



1,000 North Circular Road, Staples Corner, N.W.2
At junction one of the M1 this development under construction has units from 5,500 sq.ft. totalling 255,000 sq.ft. available from June 1980.



Whitehall Estate, Whitehall Road, Leeds
An estate in a prestigeous location with freehold land for sale or units built to users requirements.



Bow Industrial Park, Stratford E15
New estate with units of 6,450 sq.ft. ready in the autumn and a further 3 available in the spring of 1981. The whole estate will provide 234,000 sq.ft.

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- **Stoke on Trent**
  A site of about six acres suitable for warehouse or industrial development.
- **Lockwood Park off Dewsbury Road, Leeds**
  Off the M1 motorway this recent development of factories and warehouses comprises of 86,000 sq.ft. of 9,900 sq.ft. units, 2 units are already let.
- **Manston Industrial Park Elland Road, Leeds**
  Situated to the South West of the city, close to the M621 and the Leeds Outer Ring Road, units totalling 80,000 sq.ft. are for sale or lease.
- **Tinsley Industrial Park, Shepcote Lane, Sheffield**
  Located North East of the City centre just half mile from junction 34 on the M1, units from 6,600 sq.ft. totalling 160,000 are available.
- **Yew Tree Trading Estate, Haydock, Manchester**
  Between Manchester and Liverpool on the A580 East Lancashire Road, 120,000 sq.ft. is being developed on the remaining 7 acres of this established site. Units are from 20,000 sq.ft.
- **Mancunian Way Industrial Estate, Manchester**
  Only one remaining unit of 24,400 sq.ft. is now available for rent.
- **Tyne Tunnel Trading Estate, Newcastle Upon Tyne**
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- **Drum Industrial Estate Co. Durham**
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- **Eastern Industrial Estate, Edinburgh**
  Strategically placed for new road proposals, this estate has units from 8,300 sq.ft. to 26,000 sq.ft.
- **Cunningham Road, Stirling**
  Offers in excess of £85,000 are invited for this 8,133 sq.ft. industrial/warehouse unit on 1.06 acres.
- **Howden Green Industrial Estate Newcastle Upon Tyne**
  Immediately adjoining the northern entrance to the Tyne Tunnel approximately 5 miles east of Newcastle City centre is the last remaining unit of 7,000 sq.ft.
- **Crewe**
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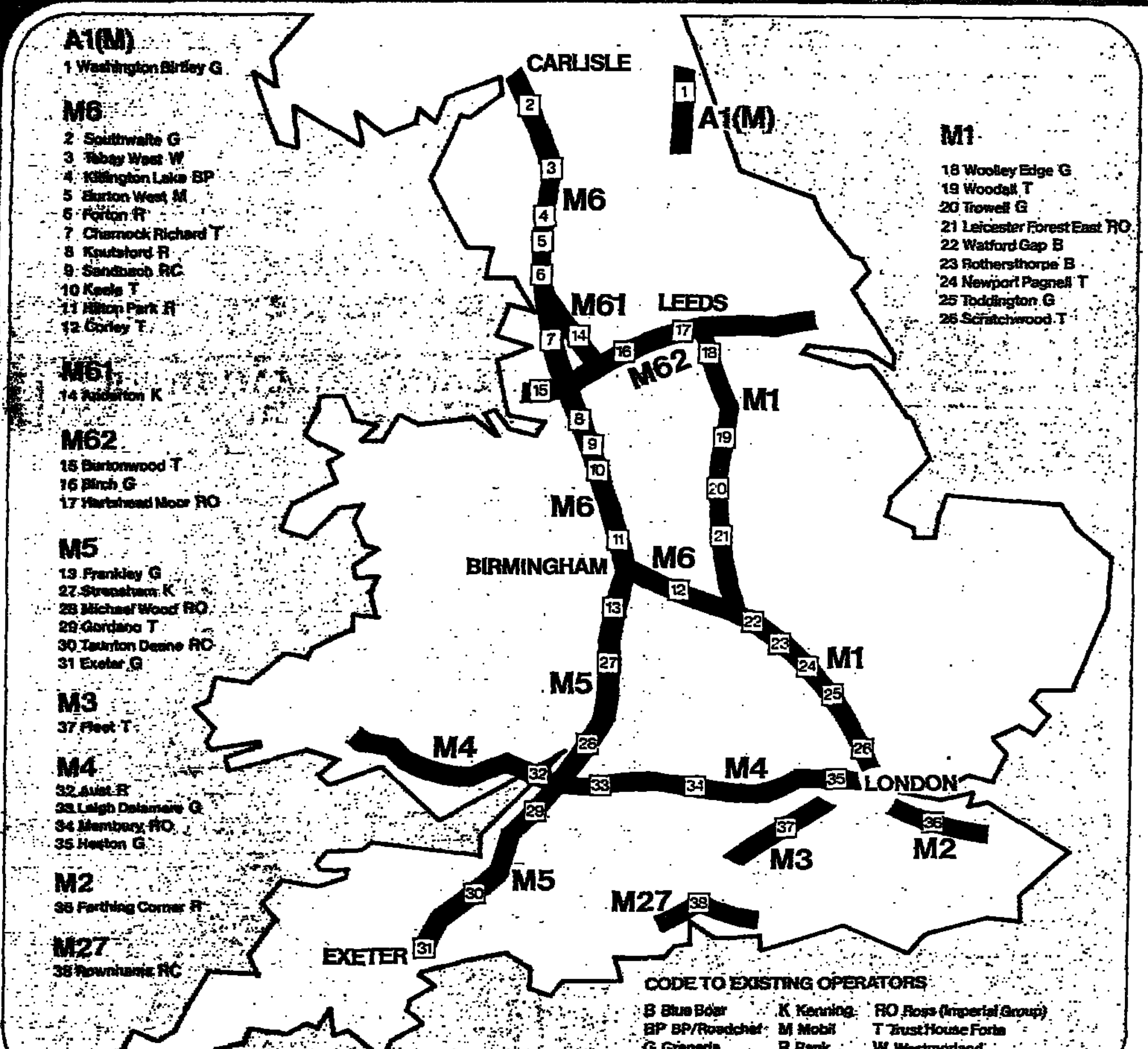

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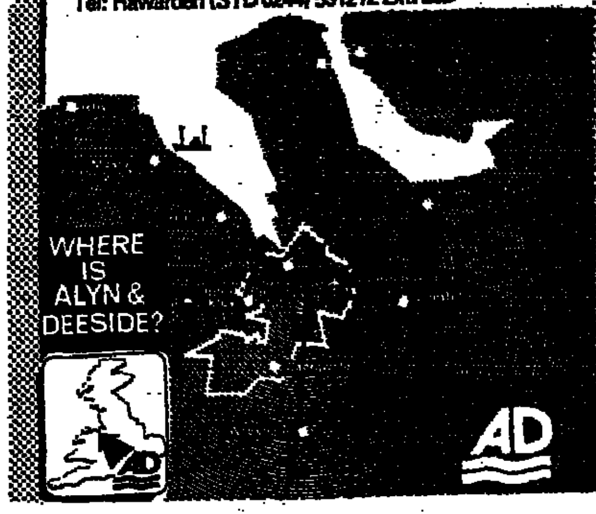

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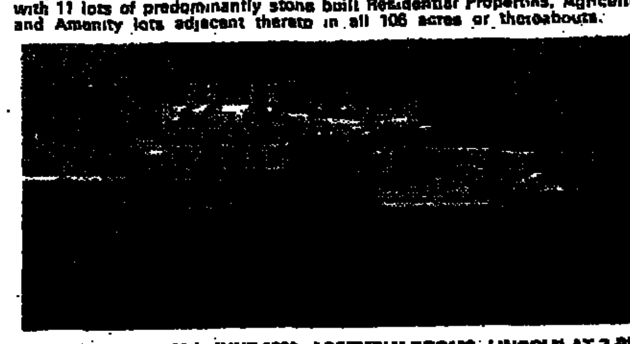

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COMMODITIES AND AGRICULTURE

Australia may seek grain talks

CANBERRA — Peter Nixon, Australian primary industry minister, is considering visiting Bob Bergland, U.S. Agriculture Secretary, to discuss the U.S. embargo of grain sales to the Soviet Union, a department spokesman said.

The Australian Government is currently reconsidering its position on the embargo.

So far, Australia has complied with the U.S. request to grain exporting nations not to make any sales which would make up any shortfall in Soviet supplies stemming from the embargo imposed in January.

Earlier this week a delegation representing Australian grain exporters met Mr. Nixon to express concern that Australia may lose substantial sales opportunities if there is not some early clarification of the country's future grain exporting policy.

In Argentina, meanwhile, it is expected that the Soviet Union will buy virtually all the 3m tonnes of maize available for export this year.

However the crop was badly hit by the drought and subsequent rains and flooding. Final trade estimates are for production of 6.2m to 6.3m tonnes against 8.7m in 1978-79.

Argentina's 1979-80 soyabean output is forecast to fall to around 3.1m tonnes from the previous season's 3.7m grain traders said. Reports of the harvest, now under way, are showing poor yields compared to 1978-79.

The decline in this year's crop will mean a fall in exports to around 2m tonnes from last year's 2.8m.

Lead and zinc prices fall

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD and zinc prices fell heavily on the London Metal Exchange yesterday, following a gloomy forecast of prospects for the year ahead by the big West German metals producer, Preussag.

Joerg Stegmann, a member of the Preussag managing board, forecast at the group's annual meeting in Hanover that lead, zinc and silver prices were more likely to continue falling than climb in 1980.

He said his predictions were based on developments in the U.S. car and construction industries. It remained to be seen, he added, whether falling U.S. interest rates would succeed in boosting the U.S. economy and with it metal prices.

Mr. Stegmann noted that lead and zinc supplies are unlikely to be seriously affected by world political uncertainties since production of the metals was widely spread.

However, Guenther Sassmannshausen, chairman of the Preussag managing board, warned that the group will have to consider closing its lead smelters at Harz and Nordenham if proposed air pollution regulations now under consideration by the West German government came into force.

Despite this warning lead prices on the Metal Exchange fell to the lowest level since August 1978. The cash price closed £13.5 down at £318 a tonne, but rallied slightly in late kerb trading. It was over £700 about a year ago. Zinc came under pressure too with the cash price dropping by £9.75 to £297 a tonne.

The decline in both metals was influenced by a fall in copper. Cash wirebars lost £15.75 to £895.25 a tonne as a result of profit-taking sales after the recent gains. Market sentiment was affected, too, by the turnround in silver prices, which also moved lower reversing the recent firmer trend.

In contrast tin prices were boosted by a renewed shortage of immediately available supplies. Cash tin jumped by £155 to £7,470 a tonne establishing a sizeable premium over the three month's quotation that gained £80 to £7,385. The uptrend was encouraged by recovery in the Penang market overnight.

The cash price of aluminium rose strongly, too, closing £21.5 up at £752.5 a tonne.

Upturn on cocoa market

By Our Commodities Staff

COCOA VALUES bounced higher on the London market yesterday in what dealers saw as a technical reaction against the recent sustained decline. Following a £2 increase in the July futures position on Wednesday, which ended ...a six-day ...decline which had wiped more than £100 a tonne off the price, July cocoa yesterday gained another £30 to £1,092.5

Meanwhile in Geneva it was announced that a meeting, believed to be aimed at keeping the International Cocoa Agreement alive, is to be held today.

The two-day meeting follows intensive consultations with producers and consumers by Mr. Gamani Corea, secretary-general of the UN Committee on Trade and Development (UNCTAD).

Negotiations on a new cocoa pact, under the auspices of UNCTAD, failed in Geneva earlier this year and it was not even agreed to extend the old pact, which ran out on April 1.

UNCTAD legal experts believe, however, that the pact can still be revived.

On the consumer side EEC development commissioner, M. Claude Cheysson, U.S. trade official Mr. Mike Smith, a delegate from Canada and representatives from two other countries will be attending. It is not known for certain which producing countries will be represented but the Ivory Coast is believed to be among them.

COMMON AGRICULTURAL POLICY

Mr. Walker's flank attack

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS becoming clear that while Mrs. Thatcher is gathering the headlines with her attack on the British contribution to the EEC budget, Mr. Peter Walker, Minister of Agriculture is attempting to execute a flank attack on the Common Agricultural Policy. In a number of speeches over the last few months, he and his Minister of State, Alick Buchanan Smith, have been saying that the only solution to the Community's milk surplus is to make those countries which are responsible for increased milk production pay for it.

This is a fundamental attack on the principles of the Treaty of Rome which lays down in no uncertain terms, that the Common Agricultural Policy meant exactly what it said. That there would be no national policies, and there could be no national surpluses, only Community ones. This is the principle to which Britain subscribed on signing the Treaty, and any change would mean in effect standing the CAP on its head.

Mr. Walker's campaign is warmly supported by British farmers who, like him, don't really understand the basis of the CAP. They repeatedly claim, as Britain is a deficit country in milk, as in many other foods, that surpluses are no concern of theirs, and belong to the other side of the Channel. Any proposition to help pay for them with the help of co-responsibility levies which bear on the price here are denounced as unfair.

On the face of it Mr. Walker's suggestion, which means in effect a sort of national quota, is entirely reasonable. But then the EEC arrangements covering the CAP have never been administered by reasonable men, but by a council of Ministers representing constituencies of farmers whose only interest in the Common Market is what they can get out of it.

The truth is that apart from sugar beet, which is subject to a quota in national terms, the guarantee section of the CAP is openended. Milk is in the limelight because it costs the most, about £3bn or £120 per community cow a year. This is because only about 40 per cent of milk products are actually sold within the Community at the guaranteed price. The balance whether exported to Russia or elsewhere, turned into animal feed or whatever, all has to be subsidised.

Some countries' farmers and their economies are heavily dependent on these subsidies. Particularly the Irish, Dutch and French. Their exchequers don't have to find the cash, in fact probably would not be able to on such easy terms as at present.

Then again why should Mr. Walker's suggestion be confined to milk. What about wine, oils and fats, to say nothing of tobacco. Once the principle of national responsibility has been established what will happen to the CAP? And then ask the interested parties, with crocodile tears pouring down their cheeks, what will happen to the unity of Europe? Somehow I don't think the unity of Europe, in which I believe as much as anyone, is or even should be dependent on the bought favours of a farming community, unlikely to vote Communist in any event.

But even if you accept the basic sense in Mr. Walker's suggestion, the practical difficulties of applying his principles are formidable. He is in effect demanding a quota system. So much milk will be supported by FEOGA, the Community farm fund, and the balance would be sold at realisation and either the farmer or the National Exchequer would have to find the money.

It is ironic to note that the only Community country in which quotas could be administered is the UK, where all milk is sold through five monopoly marketing boards. Elsewhere in the Community, except perhaps in Holland where there are but two milk co-operatives, there are a multiplicity of buying and processing outlets which would make the administration of any quota scheme extremely difficult if not impossible.

But under any sort of quota scheme the UK would come off fairly well being only about 70 per cent self sufficient in milk products. Everything produced here could be sold without subsidy, which is probably why Mr. Walker is pushing his ideas with such determination.

A quota scheme would have the advantage of impressing either the country or the individual farmer that any increase in his production would have to be paid for by a sharply reduced price. A co-responsibility levy such as the Commission tries to impose reduces returns to such an infinitesimal degree when spread over the whole industry that all it does is to stimulate more efficiency which means more milk.

His suggestions are I believe more worthy of attention than the rather gimmicky appointments he has been making in marketing etc. They should be seen as part of the Government's determination to get the budgetary cost of EEC membership down and to reform the CAP which is the real cost of the former.

By putting forward the suggestion that national resources should fund Community surpluses Mrs. Thatcher and the British Government is making it perfectly clear how any reduction in the British contribution should be financed. And with the threat of Giscard d'Estaing to raise French prices irrespective of an agreement in Brussels it looks as though a start is being made.

Apple growers plan Brussels protest

By Our Commodities Staff

APPLE GROWERS from all parts of England will be going to Brussels next Tuesday to lobby a meeting of European fruit and vegetable growers and to hand in petitions at the EEC Commission and to the agricultural committee of the EEC Parliament.

The object of the demonstration, led by Mr. Dan Neuteboom, chairman of the National Farmers' Union's apple and pear committee, is to emphasise to the rest of the community the seriousness of the current crisis among English growers because of Continental imports, particularly from France.

Low quality potato imports attacked

BY RICHARD MOONEY

BRITAIN'S POTATO Marketing Board is worried about the effect of imports on the home market following the ending of national health restrictions.

Until this year the UK market has remained closed to Continental imports until June 13 under Government plant health regulations. But the adoption of EEC regulations from May 1 meant the end of these restrictions and opened the door to a serious challenge from other Common Market suppliers.

The PMB's chairman, Mr. Geoffrey Grantham, said in London yesterday he was confident British growers could meet this challenge. "We have a better product," he declared, "now we must present it as it should be presented."

But he said action was needed to prevent the importing of sub-standard potatoes as had been the case with some Egyptian and Dutch supplies. Mr. Grantham said it was "demoralising" for British growers that cheap sub-standard potatoes should be allowed to compete with their own supplies, for which a very high grading standard was enforced.

There is also concern that inflows from the Continent could upset the balance of the UK market. The Board is liaising with the French and Italians to ensure a smooth progression of supplies, Mr. Grantham said.

He thought it was "quite wrong," however, to link the recent British outbreak of Colorado beetles — a serious potato pest — to the new import regulations. He said the beetles came in on spinach, not potatoes, and would have got in even under the old system.

Sugar prices lose ground

By Our Commodities Staff

WORLD SUGAR prices lost ground yesterday despite a late rally which lifted values well off the lows. In the morning the London daily raw sugar price was fixed £25 down at £337 a tonne and on the London futures market the August position fell to £367 at one time. But after a wave of buying near the close August sugar ended only £3.475 down at £379.15 a tonne.

Dealers said the earlier sell-off was seen as a technical reaction following the recent sustained rise which had lifted prices ot 5½-year peaks.

It was also suggested that rainfall in Thailand, where drought has caused serious sugar crop problems, may also have influenced hte decline.

Bigger EEC worries food trade

BY A CORRESPONDENT

FOOD MANUFACTURERS are worried that expansion of the Common Market may disrupt their raw material supplies. They fear that new tariff walls to protect farmers in Greece, Spain and Portugal, could shut out imports traditionally acquired outside the Community.

Mr. Alex McClumpha, purchasing manager for the Nestle Company, expressed the industry's anxiety at a food manufacturers' conference in London yesterday. He warned that new market controls to support agriculture in the three applicant states could damage the interests of UK food manufacturers.

Processors' requirements were often very specific, he pointed out, and could not necessarily be found within the Community. Equally important the quantities they needed were often very small, and so could not be said to add significantly to EEC surpluses of similar products.

Yet these needs could well be ignored by the imposition of import taxes on particular foods, which failed to distinguish between the varieties in which they were bought by processors.

This danger was particularly acute in the fruit and vegetable sector, said Mr. McClumpha.

An additional worry for manufacturers is that expanded market support for crops grown in the applicant states could hamper the flow of foods for processing.

"There is a danger that EEC enlargement negotiations will be based on fresh market standards for table quality," said Mr. McClumpha. Producers could well be encouraged by high prices to grow food specifically for the guaranteed market of the intervention store rather than sell to the processor.

Proposals to introduce a tax on imports of oils and fats to alleviate the Community's potentially big olive oil surplus were condemned by Mr. McClumpha. This suggestion has recently been rejected by the EEC Commission, but may well be revived as negotiations with Spain become more detailed.

Japan buys less Soviet cotton

OSAKA — Japanese trading houses have concluded contracts with a visiting Soviet mission to buy a total of 20,000 to 25,000 tonnes of raw cotton for shipment in the second half of this year.

Most of the cotton will be shipped in the October-December period at $2,110 a tonne, cif, with the remainder in the July-September period at $2,210.

The contracted volume is smaller than 25,000 to 30,000 tonnes Japan bought for shipment in the first half and follows active domestic Soviet demand.

Japan buys Soviet raw cotton on a half yearly basis.
Reuter

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Easier on the London Metal Exchange. After opening at £919 forward metal moved up to touch £928 in the morning rings following good fresh buying before easing to £923 on the morning kerb. The market came under modest pressure in the afternoon as a firmer tendency in sterling coupled with a decline on Comex depressed the price to £915 prior to a close on the late kerb of £919.5. Turnover 17,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903-.5	—12	895-.5	—15.7
3 months	924-5	—10	917-8	—15.2
Settlem't	905	—12	—	.....
Cathodes		.....		
Cash			868-70	—19
3 months	879-80	—15.5	895-6	—18.5
Settlem't	902-3	—12.5	—	.....
U.S. Prod	880	—15	*90-96.25	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £903, three months £922, 23, 24, 25, 24, 25, 27, 28, 27, 26, 25, 24, 23, 24, 23, 24, 25. Cathodes, cash £878, 80. Kerb: Wirebars, three months £924, 23, 24. Afternoon: Wirebars, cash £895, three months £918, 19, 18.5, 15, 16, 17. Cathodes, three months £894. Kerb: Wirebars, three months £919, 18, 17, 18, 19.

TIN—Sharply higher following a strong rise at Penang and good buying of cash material which widened the backwardation to £80 at one point. Forward metal held steady around £7,350 for most of the morning before moving ahead sharply to £7,400 on the morning kerb owing to sizeable stop-loss buying. During the afternoon the market moved narrowly before closing at £7,390. Turnover 910 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7400-20	+80	7460-90	+158
3 months	7380-400	+85	7410-30	+90
Settlem't	7420	+88	—	.....
Standard				
Cash	7400-10	+55	7460-10	+155
3 months	7355-65	+55	7310-90	+80
Settlem't	7410	+50	—	.....
Straits.E.	$2191	+30	—	.....
NewYork	—	.....	—	.....

Morning: Standard, cash £7,380, 90, 7,400, three months £7,350, 40, 30, 40, 50, 60. Kerb: Standard, three months £7,380, 7,380, 7,400. Afternoon: Standard, three months £7,400, 7,390, 7,380. Kerb: Standard, three months £7,390.

LEAD—Lost ground reflecting the weakness of copper coupled with bearish remarks by a director of Preussag. After opening around £336 forward material fell sharply to the day's low of £320 on the morning kerb before rallying to close the afternoon kerb at £326.5. Turnover 8,875 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	319-20	—16	317-9	—16.5
3 months	324.5	—12	324.5	—12
S'ment	320	—15	—	.....
U.S. Spot	—	.....	*36-40	.....

Morning: Cash £318, 20, 22, three months £330, 29, 28 27, 25, 24.5, 24, 25. Kerb: Three months £323, 22, 23. Afternoon: Three months £324, 23, 22, 21, 20.5, 20, 20.5, 21, 22. Kerb: Three months £325, 26, 27, 25, 26.

ZINC—Lower, reflecting the trend in copper and lead and the bearish remarks made by a Preussag director. Three months metal opened at £317 but declined throughout the day to close at £306.5, after a low of £305. Turnover 5,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	299.5-301.5	—6	298-8	—9.75
3 months	311-.5	—7	308-.5	—10
S'ment	301.5	—5.5	—	.....
Primw'ts	—	.....	*37.5	.....

Morning: Three months £313, 12, 11, 12, 11. Kerb: Three months £311. Afternoon: Three months £310 09, 08.5, 09. Kerb: Three months ££308, 07, 06.

ALUMINIUM—Easier for three months material although strong demand for cash metal encouraged a strong rise in that market. Forward metal opened at £729 and eased to £726 at the start of the afternoon, but then rallied in the wake of the buying of cash metal to close the late kerb at £733. Turnover 8,750 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	729-31	.....	750-5	+9.5
3 months	728.5-9	—2.75	726-30	—3.5

Morning: Three months £727, 28, 29, 28.5, 29. Kerb: Three months £728. Afternoon: Three months £727, 26. Kerb: Three months £727, 28, 32, 34.

NICKEL—Marginally lower after a day of minimal trading. Forward metal opened around £2,675 and moved narrowly to close at £2,670. Turnover 96 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2580-90	—55	2560-80	—37.5
3 months	2660-70	—45	2650-70	—27.5

Untraded.
* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

[illegible]

COCOA

[illegible]

COFFEE

Marginal losses in Robustas were attributed to light spillover selling from Wednesday's close. In the afternoon trade buying lifted prices to the day's highs but gains were cut into by late profit-taking and dealer selling, reports Drexel Burnham Lambert.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1645-53	+11.5	1650-33
July	1700-01	+4.5	1705-1685
Sept	1754-55	—2.5	1764-46
Nov	1764-66	—9.0	1773-61
January	1770-75	—11.5	1780-71
March	1730-35	—19.0	1745-34
May	1720-30	—7.5	—

Sales: 2,019 (3,648) lots of 5 tonnes.

ICS Indicator prices for May 28 (U.S. cents per pound): Other Mild Arabicas 191.67 (192.33); Robustas ICA 1976 176.25 (same). ICA 1968 176.50 (same). Unwashed Arabicas 215.00 (215.50). Comp. daily ICA 1968 196.45 (196.81).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged on barley to 5p lower. Values eased slowly in thin volume, a little buying support steadied values slightly, but values eased further in the afternoon session to close 10p-15p lower on wheat and 20p-30p lower on barley, reports Acli.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 91.00, S. West 92.10, W. Midlands 93.40, N. West 91.00.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent. June 93, July 94, Aug. 94.75 transhipment East Coast. Maize: French, June 117.50 East Coast. South African Yellow June-July 77. Barley: English Feed fob, June 98 seller East Coast, June 97.25-97.00 paid East Coast. Rest unquoted.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
Sept.	93.60	—0.10	91.25	—0.20
Nov.	97.40	—0.15	95.20	—0.30
Jan.	101.20	—0.15	99.00	—0.25
Mar.	104.65	—0.15	102.40	—0.20

Business done—Wheat: Sept. 93.80-93.55, Nov. 97.50-97.40, Jan. 101.45-101.20, March 104.85-104.65. Sales: 192 lots of 100 tonnes. Barley: Sept. 91.45-91.15, Nov. 95.50-95.20, Jan. 99.25-99.05, March 102.40-102.30. Sales: 90 lots of 100 tonnes.

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar): £337.00 (£362.00) a tonne cif for May-June-July shipment. White sugar daily price was £345.00 (£357.00).

Commission house long liquidation produced an easier tone at the opening. Sellers continued to press, which exposed only scattered buying. During the afternoon, however, the whole market was turned round by New York and by the close quotations were £10-£12 above the lows, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	360.00-60.00	391.00-95.00	385.00-60.00
Aug	379.05-79.25	382.50-82.75	385.00-67.00
Oct	382.00-85.00	386.50-86.00	388.00-72.00

Sales: 10,741 (12,001) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only). Aug. 368.00; 369.00; Oct. 379.00, 379.50; Jan. 380.00, 383.00; March 385.50, 387.00; May 385.00, 385.50; Aug. 380.00, 381.50; Oct. unquoted. Sales: 1,617 (1,302).

Tate and Lyle ex-refinery price for granulated basis white sugar was £324.7 (same) a tonne for home trade and £462.00 (£479.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 28: Daily price 34.30 (34.84); 15-day average 31.96 (31.48).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 355, 370, nil, nil; Aug. 372, 388, nil, nil; Oct. 372, 380, nil, nil; Dec. 372, 386, 376-374, 15; Jan. 372, 380, nil, nil; March 377, 383, nil, nil; May 377, 386, nil, nil; Aug. 377, 387, nil, nil; Oct. 377, 387, nil, nil. Sales: 15.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. July 484.5, 485.0, 485.5-483.0, 343; Oct. 474.0, 475.0, 476.0-469.0, 271; Dec. 475.5, 476.5, 478.0-470.5, 197; March 480.5, 481.0, 484.0-475.0, 102; May 479.5, 481.0, 483.0-480.0, 67; July 484.0, 485.0, 485.0-482.0, 29; Oct. 484.0, 487.0, 486.0-482.0, 17. Sales: 1,026.

COTTON

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	May 29 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1680/1710	....	$1640/70
Copper			
Cash w'bar	£895.25	—15.75	£891
3 mths	£917.5	—15.25	£913.5
Cash Cathode	£869	—19	£877
3 mths	£894	—18.5	£899
Gold troy oz	$518.5	—5	$497.5
Lead cash	£318	—13.5	£361
3 mths	£324.5	—12	£368.5
Nickel	£3,335.5	....	£3,335
Freemkt(cif (lb	266/286c	....	275/305c
Platin'mtr'y oz	£189-193	....	£188/193
Free mkt	£243.55	+0.95	£200.30
Quicksilver†	$385/395	....	$395/405
Silver troy oz	555.95p	—36.85	530.40p
3 months	574.95p	—34.65	552.30p
Tin Cash	£7,470	+155	£7,795
3 mths	£7,385	+80	£7,615
Tungsten 22.04lb	$142.49	....	$140.75
Wolfrm 22.04lbs	$138/145	....	$138/145
Zinc cash	£297.00	—9.75	£296.75
3 months	£308.25	—10	£307.25
Producers	$780-825	....	$780/825
Oils			
Coconut (Phil)	$660x	—10	$575
Groundnut	‡	....	‡
Linseed Crude	£491	—3	£396
Palm Malayan	$590x	—2.5	$505
Seeds			
Copra Philip	$430	....	$370
Soyabean(U.S.)	$252.85x	—5.15	$263.85
Grains			
Barley Futures	£95.20	—0.30	£91.35
Maize			
French No3AM	‡	‡	‡
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	‡	....	‡
Eng. Millingt.	‡	....	‡
Other commodities			
Cocoa ship.t	£1,153	+30	£1,248
Future July	£1,092.5	+30	£1,201.5
CoffeeFt'rJuly	£1700.5	+4.5	£1,652.5
Cotton A.Index	87.05c	—0.60	89.10c
Rubber (kilo)	57.50p	+2	63.50p
Sugar (Raw)	£337	—25	£254
Wooltp's 64s kl	295p kilo	....	292pkilo

u June. s June/July. t May-June. w Aug. x July. z Indicator. § Buyer. ‡ Per 76-lb flask.

AMERICAN MARKETS

NEW YORK, May 29.

GOLD STRENGTHENED on reports of fighting in Afghanistan. Silver continued to take its direction from gold. Trade selling pressured copper prices after an early rally. Sugar advanced strongly on trade buying. Cotton weakened on continued slack demand. Cocoa finished higher on short-covering. Coffee was lower in thin trade due to quiet roaster activity and lack of trade support. Lower cash beef, increased hog receipts and continued heavy local pork belly storings pressured the livestock complex. Rains in grain and soyabean producing areas depressed values, reported Heinold.

Copper—June 93.10 (93.50), July 93.90-94.10 (94.30), Aug. 94.55, Sept. 94.90-95.10, Dec. 96.60-96.80, Jan. 97.20, March 98.20, May 99.00, July 99.90, Sept. 100.85, Dec. 102.30, Jan. 102.80, March 103.75. Sales: 5,800.

Potatoes (round whites)—Nov. 75.4 (76.3), March 89.0-89.5 (88.7), April 99.1-99.5. Sales: 782.

Sugar—No. 11: July 35.60-36.20 (34.86), Sept. 37.26 (35.76), Oct. 37.82-38.05, Jan. 38.30, March 38.80-39.00, May 38.20-38.40, July 37.70, Sept. 36.00-36.30, Oct. 36.00. Sales: 18,989.

Tin—788.00-798.00 asked (787.00-806.00).

¶Silver—June 1309.0-1315.0 (1288.0), July 1312.0-1321.0 (1295.0), Aug. 1331.0, Sept. 1340.0, Dec. 1380.0-1390.0, Jan. 1390.5, March 1414.5, May 1439.0, July 1464.0, Sept. 1489.0, Dec. 1526.5, Jan. 1539.0, March 1564.0. Sales: 4,000. Handy and Harman bullion spot 1255.00 (1285.00).

CHICAGO, May 29.

Lard—Chicago loose 17.75 (same). New York prime steam unavailable.

Live Cattle—June 64.55-64.75 (65.60), Aug. 64.80-64.75 (66.12), Oct. 63.80-64.00, Dec. 65.50-65.60, Jan. 66.25, Feb. 66.45-66.60, April 67.10-67.20.

Live Hogs—June 32.80-32.70 (33.00), July 34.40-34.30 (34.97), Aug. 34.00-34.15, Oct. 35.05-34.95, Dec. 38.60, Feb. 41.70, April 41.20, June 44.50, July 44.50.

‡‡Maize—July 275¼-275 (279¼), Sept. 284¾-285 (288¾), Dec. 292½-292¾, March 304½-304¾, May 312¼, July 317¾.

Pork Bellies—July 29.32-29.17 (31.17), Aug. 29.30-29.20 (31.12), Feb. 43.35, March 46.95, May 44.60, July 45.55, Aug. 45.05.

Silver—June 1330.0 (1288.5), July 1341.0 (1301.0), Aug. 1350.0, Oct. 1371.0, Dec. 1382.0, Feb. 1413.0, April 1434.0, June 1455.0, Aug. 1476.0, Oct. 1497.0, Dec. 1518.0, Feb. 1539.0, April 1560.0, June 1581.0, Aug. 1602.0, Oct. 1623.0.

†Soyabeans—July 623½-624½ (631), Aug. 632 (639¾), Sept. 638½, Nov. 652-652½, Jan. 666-667, March 681, May 693, July 701.

‖Soyabean Meal—July 171.1-171.0 (172.0), Aug. 173.6-173.7 (175.7), Sept. 176.5-176.8, Oct. 179.0-179.2, Dec. 183.0-183.2, Jan. 185.2-185.0, March 188.5-18.3, May 191.8, July 195.5-196.0, Aug. ——.

Soyabean Oil — July 21.57-21.55 (21.98), Aug. 21.78-21.75 (22.19), Sept. 21.96, Oct. 22.15-22.20, Dec. 22.51-22.55, Jan. 22.61, March 23.00, May 23.30-23.35, July 23.50, Aug. ——.

†Wheat—July 403-402 (411½), Sept. 415½-416 (425), Dec. 433-432, March 447, May 454, July 450.

WINNIPEG, May 29. §Barley—May 122.50 (123.20), July 124.00-124.10 (123.00), Oct. 119.70, Dec. 118.90, March 118.80.

Chicago Imm Gold—June 526.5-524.5 (520.0), July 530.0, Sept. 542.0-540.5, Oct. 545.5, Dec. 557.0-558.0, Jan. ——, March 573.0-572.0, April 577.0.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

INDICES

FINANCIAL TIMES

May 28	May 27	M'nth ago	Year ago
268.69	267.74	275.67	279.80

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	May 28	May 27	Month ago	Year ago
Spot	428.00	437.68	417.47	391.75
F'tur's	450.20	445.99	424.44	398.20

(Average 1924-25-26=100)

MOODY'S

May 28	May 27	M'nth ago	Year ago
1121.7	1127.4	1113.7	1059.9

(December 31, 1931=100)

REUTERS

May 29	May 28	M'nth ago	Year ago
1704.2	1714.9	1680.8	1569.6

(Base: September 18, 1931=100)

EUROPEAN MARKETS

[illegible]

I.G. Index Limited 01-351 3466. September Cocoa 1103-1112
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 415-420 (+1)

IRELAND 9¼% 1975/1982 UA 25,000,000

On May 14, 1980, Bonds for the amount of UA 2,800,000—have been drawn for redemption in the presence of a Notary Public.
The Bonds will be reimbursed coupon no. 6 and following attached on and after July 7, 1980.
The numbers of the drawn Bonds are as follows:
001 to 306 incl. 317 to 656 incl. 22847 to 25000 incl.
Amount purchased on the market: UA 325,000—
Amount outstanding: UA 15,625,000—

OUTSTANDING DRAWN BONDS:

[illegible]

Luxembourg, May 29, 1980.
THE FISCAL AGENT
KREDIETBANK S.A. Luxembourgeoise

SWISS CITY FLIGHTS
[illegible]

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED
6% Debenture Stock 1978-81
[illegible]
By order of the board,
H. G. McTURK, Secretary.
30 May, 1980.

Equity leaders steadier following pleasing results from Courtaulds and Beecham—Gilts trade quietly

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23
June 16	June 26	June 27	July 7

* "New time" dealings may take place from 9 am two business days earlier.

Preliminary profits in excess of market estimates from **Courtaulds** and then **Beecham** restored a little confidence to leading equities as they neared the end of a rather depressing long holiday trading Account yesterday. Repeated warnings from top-name companies and economic forecasting groups have discouraged investment interest recently and, prior to yesterday, the equity sectors had displayed dullness for nine consecutive sessions.

Limited bear covering early yesterday was responsible for leading industrials trending a shade firmer, but the market soon began to look ragged in the absence of any genuine interest. Boosted by the Courtaulds and Beecham statements, however, jobbers marked prices a few pence higher and, although trading was extremely slow, most quotations held at around the enhanced levels. *Measuring the* better tone, the F.T. 30-share index ended 1.2 up at 417.8, after showing a loss of 0.7 at the noon calculation.

For remaining equities, it was another quiet day, but relief from the prevailing tedium was provided by a steady stream of company trading statements. Among the sectors Oils became a little more lively, interest here being generated by **Lasmo** following the chairman's reassuring statement on Ninian production estimates and **Carless Capel** and **Candecca** after the Humbly Grove drilling report. Recent high fliers in Electricals such as **Farnell** and **Electrocomponents** came under renewed selling pressure, while Mail Orders were adversely affected by the chairman of Freeman's gloomy statement about trading prospects.

Brokers' predictions that a cut in MLR is unlikely before late-September or early-October and a fresh reaction in sterling following yesterday's sharp recovery in the dollar, combined to deter investment interest in British Funds. The shorts, however, made modest headway with sentiment helped by reports of still declining U.S. Prime Rates. Despite a small volume of business, closing improvements here ranged to ¼ with **Exchequer 3 per cent 1984** recovering that much to £73; applications for the new low-coupon Treasury 3 per cent 1985 issue were allotted in full at the minimum tender price of £89 and dealings in the stock begin this morning. Switching operations comprised much of the trade at the longer end of the market but the tendency was a shade easier. Cheap buyers *began operating after the official* close, however, and the losses were occasionally recovered.

The two new water Preference issues of identical coupon and maturity, **Folkestone and District** and **North Surrey**, made quiet debuts and closed at 12⅝ in £10-paid form.

The introduction of two new series failed to increase demand for Traded options. A total of 497 deals were completed, of which 128 were done in **Courtaulds** following the preliminary statement.

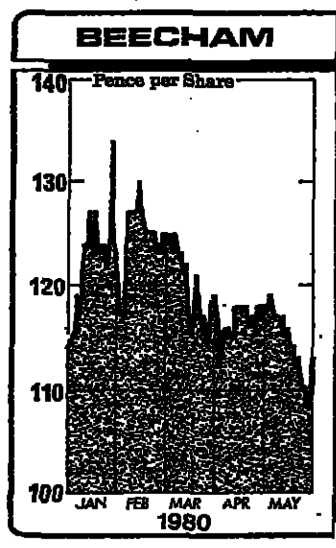
Conditions in the Banking sector were extremely quiet with movements generally limited to a few pence either way. Discounts were undecided with **Alexanders** closing 3 up at 248p and **Union** *5 higher at 455p*. **Allen Harvey and Ross** ended 5 lower at 355p. In merchant banks, **Henry Ansbacher** softened a fraction to 15½p following the results, but **Minster Assets** held firm at 41p awaiting today's preliminary statement. Fading hopes of an early cut in interest rates prompted dullness in Hire Purchases. **Wagon Finance** dipped 2 to 43p and **FNFC** gave up 1¼ to 17¾p.

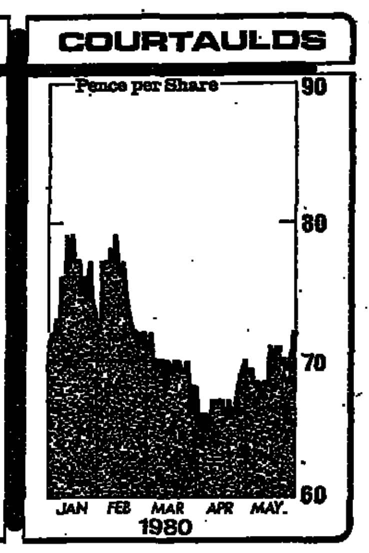
Once again, the trend in Insurances was to lower level. Comment on the first-quarter figures caused **Phoenix**, at 218p, to lose the previous day's rise of 2. **General Accident** dipped 4 to 240p along with **GRE**, at 250p. Among Lloyds brokers, **Stewart Wrightson** came on offer at 195p, down 5.

Under pressure earlier in the week, **Greenall Whitley**, 185p, rallied to close 7 better on the day following the pleasing first-half results. Other Breweries displayed an irregular appearance. **Allied** attracted interest and gained a couple of pence to 76p, but **Bass** remained unsettled by the slightly disappointing mid-term performance and shed 3 for a two-day loss of 8 at 214p. Among regional issues, **Vaux** eased 3 to 155p, but **Buckley's** picked up a penny to 47p on the annual figures. Reduced full-year earnings failed to upset **Youngs**, unchanged at 165p, while scattered support was evident for **Castletown**, 5 higher at 410p. Adverse Press comment clipped 3 from **Distillers**, 187p, but **Highland** added that much at 132p.

Among Buildings, **UBM** firmed 5 to 69p in response to the excellent annual results, but **Travis and Arnold** remained friendless and shed 10 further to 252p. **Richards and Wallington** dropped 11 to 41p awaiting news of the annual meeting, while **Brown and Jackson** gave up 10 more for a two-day fall of 20 to 128p following Press comment on the proposed £3.83m cash *call*. ***Edward Jones (Contractors)*** were unmoved at 13½p despite the reduced annual deficit. In Timbers, **Montague L. Meyer** added 4 at 91p.

ICI hardened a couple of pence to 352p, after 354p, on end-Account technical influences. Among other Chemicals, **International Paint** replied to the good preliminary results with a gain of 4 to 67p and **Coalite** improved 2 to 104p on better-than-expected *preliminary profit*. **Brent**, however, remained overshadowed by the chairman's cautious remarks about current trading and lost 6 for a two-day fall of 10 to 132p.





The chairman's discouraging statement on current trading prompted weakness in **Freemans (London SW9)**, 8 lower at 112p, and *many other Mail-order* concerns. **Empire** gave up 4 at 140p, while **Grattan** shed a couple of pence to 50p. In secondary Stores, **Harris Queensway** lacked support and finished another 3 cheaper at 155p. Similarly, **Lee Cooper** fell 12 to 203p, while **Polly Peck** met with further profit-taking and eased 3 for a three-day fall of 8 to 49p. **Moss Bros**, declined a few pence more to 235p, but buyers came for **Wilkinson Warburton**, 4 up at 52p, and **Cope Sportswear** added a penny at 22p awaiting today's annual results.

The recent pressure on leading Electricals lifted slightly and **Racal** rallied 3 to 229p, while **GEC** closed a penny better at 346p, after 348p. Certain speculative issues, on the other hand, remained dull. **Electrocomponents** gave up 8 more at 490p, and similar falls were sustained by **Farnell**, 250p, and **Unitech**, 264p. **United Scientific** dipped 10 to 493p, but in contrast **Automated Security** attracted *interest and rose 7 to 250p*, while **Laurence Scott** moved up 5 to 64p. **BICC** eased a couple of pence to 109p following the chairman's warning about current trading.

Capper Neill, up 4 at 53p, in response to better-than-expected results, helped relieve some of the gloom currently engulfing the engineering sector. **Babcock International**, however, fell 4 further to 76p, with sentiment still soured by the Board's recent forecast of substantially lower half-year profits. **Bullough**, 148p, and **Vosper**, 140p, declined 8 apiece.

Comment on the previous day's interim results clipped 4 from **Tate and Lyle**, 122p. Other casualties among Foods included **Robertson**, 117p, and **Associated Fisheries**, 59p, which lost 7 and 3 respectively as recent speculative support ceased.

Beecham stood out among the otherwise lethargic miscellaneous industrial leaders with a rise of 5 to 113p, after 114p, folowing the better-than-expected preliminary profits. **Unilever** rose 7 to 417p but **Reed International** eased 3 to 170p; the latter's annual figures are due next Tuesday. Elsewhere, **Thomson T-Line Caravans** jumped 12 more for a two-day rise of 15 to 80p in further response to the retiring chairman's proposal that his, and his family's shares, representing 60 per cent of the capital, be sold by the group's financial advisers, Kleinwort Benson. News that James Gulliver Associates had increased their stake in the company to nearly 10 per cent helped arrest the recent decline in **Alpine Holdings** which closed 4 better at 62p. Despite lower profits, **Sangers** rose 5 to 56p. **ICL's** half-year figures were at first demand disappointing and the shares eased to 124p but a later reappraisal induced a rally which left a close of 130p, a net improvement of a penny. Still reflecting the Board's warning that its prospectus forecast will now be difficult to achieve, **Spring Grove Securities** eased 3 more making a two-day relapse of 14½ at 81p. **Sketchely**, due to announce preliminary figures on Tuesday, fell 6 to 244p in sympathy. Comment on the disap*pointing profits prompted a fresh* reaction of 13 to 295p in **Alfred Dunhill**.

Coral Leisure reverted from 62p to the overnight level of 59p following the chairman's cautious remarks at the annual meeting.

Among advertising issues, **Brunning** were marked 8 lower at 35p on the annual profits setback; the Restricted voting closed 3 down at 33p. Elsewhere, **Bemrose** eased 2 to 39p in belated response to the chairman's cautious statement at the annual meeting, but **Chapman (Balham)** firmed 2 to 87p awaiting today's preliminary figures.

Properties continued lower on small selling in the absence of support, **Land Securities** losing *4 to 330p and* ***MEPC*** *3 to 202p*. **Property Security Investment** dipped 11 to 175p following the withdrawal of a recent buyer.

Interest in Oils centred around **Lasmo** which became active and touched 658p before settling at *653p for a net gain of 23 after* the chairman's reassuring statement about recent production estimates for the Ninian oil field at the annual general meeting. **Premier** added 3½ to 91p, after 92p, in sympathy, while **Cawoods**, *which holds a 12.5 per cent* stake in the Lasmo, rose 6 to 188p. In sharp contrast, onshore explorers, **Carless Capel**, 129p, and **Candecca**, 138p, gave up 4 and 6 respectively despite the latest Humbly Grove drilling report which indicated that the well was capable of producing commercial quantities. Other Oils tended to soften with **British Petroleum** easing 6 to 332p. **Shell**, however, held at 374p, but **Tricentrol**, and **Ultramar** both lost 4 to the common price of 338p.

International meat traders, **Thomas Borthwick**, fell 6 to 36p on the first-half loss and dividend omission. Elsewhere in Overseas Traders, **Warren Plantations** gained the turn to 175p following the increased profits *and dividend*.

Preliminary earnings in excess of market estimates and relief over the maintained dividend generated a good business in **Courtaulds** which closed 3 up at 72p, after 73p.

News of increasing civil unrest in South Africa, bringing back memories of the Soweto riots and the Steve Biko affair which caused heavy falls in South African shares in 1976 and 1977, cast a shadow over Golds and South African Financials. The $5 decline in the bullion price to $518.50 an ounce was a further, although much less significant, influence on the market.

The market held steady for most of the afternoon but fell *further in the after-hour's trade* following American offerings. The Gold Mines index registered a 7.9 fall to 324.4. Among the heavyweights, **Randfontein** were particularly weak and dropped almost £3 to £26⅜.

South African Financials registered widespread falls. **Gold Fields of South Africa** dipped a point to £34. "**Amgold**" ¾ to £35 and **Anglo American Corporation** 10 to 570p.

Nervousness over the South African civil unrest upset Platinums where **Impala** gave up 14 to 260p and **Rustenburg** 10 to 200p.

Energy stocks continued to dominate activity in Australians. **Strata Oil** met with heavy speculative demand for the *third consecutive day* and jumped 7 more to 31p—compared with 10p on Tuesday *morning—still reflecting the gas* find in the Perth Basin of Western Australia. **Haoma Gold** and **North West**, which holds 16.8 *per cent and 25 per cent* respectively in Strata, both improved in sympathy. Haoma advanced 8 to 70p and North West 4 to 60p.

The Rundle twins responded to favourable Press mention. **Central Pacific** added nearly a point to a 1980 high of £29, while **Southern Pacific** put on a half-point to £11¾.

FINANCIAL TIMES STOCK INDICES

—	May 29	May 28	May 27	May 23	May 22	May 21	A year ago
Government Secs.	67.87	68.03	68.39	68.08	67.54	67.58	72.91
Fixed Interest	68.43	68.58	68.38	68.19	68.02	68.00	75.16
Industrial	417.8	416.6	420.0	423.3	426.5	431.6	513.6
Gold Mines	324.4	332.3	317.7	310.1	308.3	310.6	196.3
Ord. Div. Yield	8.61	8.59	8.53	8.45	8.34	8.22	5.79
Earnings, Yld. % (full)	20.89	20.93	20.78	20.57	20.34	20.05	15.30
P/E Ratio (net) (*)	5.80	5.80	5.85	5.90	5.97	6.05	8.37
Total bargains	18,361	20,099	18,079	17,431	17,449	17,623	—
Equity turnover £m	—	96.27	100.00	96.09	89.26	96.30	83.56
Equity bargains total	—	13,871	12,373	12,207	11,618	12,671	17,894

10 am 415.9. 11 am 416.4. Noon 415.9. 1 pm 416.6.
2 pm 417.7. 3 pm 417.5.

Latest Index 01-246 8026.

*Nil=5.44.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	63.85 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (18/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2)	265.5 (18/5)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 29	May 28
—Daily		
Gilt Edged	99.7	116.5
Industrials	106.0	108.0
Speculative	27.2	38.9
Totals	71.9	75.5
5-day Avge.		
Gilt Edged	106.9	112.7
Industrials	108.1	109.7
Speculative	32.4	33.2
Totals	74.6	76.8

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (26)

BRITISH FUNDS (2)
Exchqr. 5½pc 1981 | Fndg. 5½pc 1982
CORPORATION LOANS (1)
Lon. Cpn. 9½pc '84-85
COM'WEALTH & AFRICAN LOANS (1)
S. Africa 9½pc '79-81
LOANS (1)
Alcan 10½pc '89-94
AMERICANS (2)
City Inv. | Richardson Merrell
BUILDINGS (1)
Nott. Brick
CHEMICALS (1)
Hoechst 10pc Gtd. Uns. Ln. 1990
STORES (1)
Menzies (J.)
ELECTRICALS (1)
Laurence Scott
FOODS (1)
Sompertex
INDUSTRIALS (4)
Assoc. Sprayers | Harris & Sheldon
Hanson Trust | Lep Group
LEISURE (1)
Scottish TV A
PROPERTY (1)
Rush & Tompkins
TRUSTS (1)
Genl. Funds Conv.
OIL & GAS (3)
Weeks Pet. | Santos
Do. Pfd. Ord.
MINES (4)
Central Pacific | North West Mining
Haoma Gold | Southern Pacific

NEW LOWS (89)

BEERS (2)
Distillers | Tomatin
BUILDINGS (6)
Brown & Jackson | Mowlem (J.)
Gibbs & Dandy | Richards Wallington
Monk (A.) | Roberts Adlard
CHEMICALS (3)
British Benzol | Hickson & Welch
Halstead
STORES (6)
B & Q (Retail) | Grattan Warehouses
Bremner | Home Charm
Freemans (London) | Lee Cooper
ELECTRICALS (2)
Audiotronic 12pc Pfd. Prf. | Dale Elec.
ENGINEERING (23)
AI Ind. Products | Glynwed
Adwest | GKN
Alcan Alu. (UK) | Mitchell Somers
Babcock Int. | Newman Tonks
Brit. Aluminium | Pegler-Hattersley
Bullough | Priest (Ben.)
Carclo | Renold
Cartwright (R.) | Stothert & Pitt
Castings | Triplex Foundries
Cooper Inds. | Wolseley Hughes
Davy Corp. | Wood (S. W.)
Delta Metal
FOODS (7)
Bluebird Confecny. | Fitch Lovell
Carr's Milling | Hinton (A.)
Chambers & Fargus | Linfood
F.M.C.
INDUSTRIALS (19)
Booker McConnell | Letraset
Bridon | Nash (J. F.)
Brooks Watson | Pentos
Carlton Ind. | Do. Defd.
Centreway | Photo-Me
Chubb | Redfearn Nat. Glass
Dunhill (Alfred) | Riley (E. J.)
Hawtin | Turner & Newall
Highgate & Job | Wedgwood
Lawtex
LEISURE (1)
Black & Edgington
MOTORS (5)
Rolls-Royce | Lex Service
E.R.F. | Lookers
Henlys
NEWSPAPERS (1)
Collins (William)
PAPER (5)
Bemrose | L.C.A.
Brunning | Transparent Paper
Do. Res. Vtg.
SHOES (1)
Scott (David)
TEXTILES (3)
Blackwood Morton | Shaw & Martin
Martin (A.)
OVERSEAS TRADERS (2)
Berisford (S. & W.) | Borthwick (Thos.)
MINES (3)
Coronation | Barymin
Wankie Colliery

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	14	3	27	—	40	—	334p
BP	390	6	1	16	—	—	—	"
Cons. Gold	460	36	2	58	1	74	—	469p
Cons. Gold	500	15	36	38	—	54	—	"
Cons. Gold	550	3	40	18	—	—	—	"
Courtaulds	60	13	41	14	4	15½	—	72p
Courtaulds	70	3½	75	7½	—	8½	—	"
Courtaulds	80	1½	8	4½	—	—	—	"
GEC	390	3½	—	11	—	32	1	345p
Grand Met.	120	12	5	17	—	22½	—	128p
Grand Met.	130	5½	—	11½	2	16	13	"
Grand Met.	140	2	—	6	5	—	—	"
ICI	330	34	—	43	—	53	1	352p
ICI	360	14	13	22	—	34	—	"
ICI	390	4	3	11	14	22	—	"
Land Secs.	280	53	—	69	6	—	—	332p
Land Secs.	300	33	11	52	—	64	—	"
Land Secs.	330	13	46	32	—	44	—	"
Land Secs.	360	3½	31	15	—	27	—	"
Marks & Sp.	80	8½	5	13	1	15½	—	85p
Marks & Sp.	90	2½	—	7	—	10½	2	"
Shell	390	10	—	20	3	32	—	375p
Totals			319		35		17	
		August		**November**		**February**		
Imperial Gp.	70	7½	—	9½	—	13	6	74p
Imperial Gp.	80	2½	—	5½	—	7	16	"
Lonrho	70	12½	6	16	—	18½	10	78p
Lonrho	80	6	1	8	—	11½	—	"
Lonrho	90	3	20	5	—	7	—	"
P. & O.	100	19	20	22½	—	23½	—	112p
P. & O.	110	10	7	15	3	17	—	"
RTZ	330	55	2	72	—	—	—	369p
RTZ	360	33	30	49	5	65	—	"
Totals			86		8		32	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	20	51	17
Corpns. Dom. and Foreign Bonds	9	10	47
Industrials	141	356	898
Financial & Prop.	46	138	318
Oils	10	24	16
Plantations	5	1	20
Mines	25	79	50
Others	54	35	56
Totals	311	694	1,422

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS
Figures in parentheses show number of stocks per section

	Group	Thurs., May 29, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., May 28 Index No.	Tues., May 27 Index No.	Fri., May 23 Index No.	Thurs., May 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	224.08	−0.2	19.55	7.15	6.34	224.44	226.99	228.77	232.94	265.90
2	Building Materials (28)	223.59	+0.2	19.23	7.28	6.42	223.12	225.33	225.62	229.43	249.01
3	Contracting, Construction (27)	339.74	−0.6	27.35	7.12	4.39	341.72	343.58	343.54	348.31	402.38
4	Electricals (16)	587.81	+0.1	14.25	4.29	9.11	587.43	596.95	606.88	618.06	642.04
5	Engineering Contractors (11)	266.11	−0.3	25.60	9.74	4.90	266.96	268.31	270.22	272.14	397.32
6	Mechanical Engineering (74)	149.59	−0.4	21.65	8.76	5.65	150.22	151.76	152.50	155.66	196.79
8	Metals and Metal Forming (16)	148.10	−0.5	23.27	11.03	5.19	148.90	150.23	151.29	154.54	180.72
11	CONSUMER GOODS (DURABLE) (49)	201.50	−0.3	16.25	6.32	7.54	202.12	203.60	206.39	209.84	246.17
12	Lt. Electronics, Radio, TV (14)	290.65	−0.4	12.57	4.60	10.18	291.95	293.58	298.32	303.86	333.04
13	Household Goods (14)	95.54	−1.0	30.93	11.18	3.81	96.55	97.58	98.06	98.71	173.89
14	Motors and Distributors (21)	96.92	+0.3	23.65	10.18	4.92	96.67	97.80	98.62	99.96	127.92
21	CONSUMER GOODS (NON DURABLES) (172)	209.79	−0.2	19.63	7.54	6.17	210.17	211.89	213.62	214.11	248.29
22	Breweries (14)	267.41	—	16.90	6.75	6.95	267.44	270.32	271.18	270.07	285.51
23	Wines and Spirits (5)	281.70	−1.0	19.34	6.63	6.37	284.62	287.72	291.48	290.48	308.31
24	Entertainment, Catering (17)	292.92	−0.4	19.25	7.42	6.41	294.20	294.50	294.43	292.11	334.52
25	Food Manufacturers (21)	186.56	+0.3	21.06	7.89	5.57	186.02	187.35	189.02	189.66	223.97
26	Food Retailing (13)	292.18	−0.3	14.78	5.30	8.00	293.15	295.83	297.94	300.75	303.02
32	Newspapers, Publishing (13)	409.45	−0.3	23.22	7.14	5.82	410.88	413.17	416.81	419.24	459.91
33	Packaging and Paper (15)	122.29	−0.5	26.55	9.57	4.59	122.88	123.94	126.68	127.12	145.13
34	Stores (42)	205.27	−0.5	15.06	6.00	8.55	206.21	208.24	209.97	210.86	251.97
35	Textiles (24)	124.26	+1.1	27.68	12.42	4.54	122.85	123.20	124.39	125.12	180.91
36	Tobaccos (3)	196.01	—	31.21	11.81	3.63	196.01	197.69	199.67	201.16	248.74
37	Toys and Games (5)	26.31	−0.3	46.55	18.44	2.55	26.40	26.44	26.77	27.47	77.43
41	OTHER GROUPS (99)	195.47	+0.4	18.60	7.65	6.38	194.64	195.82	198.28	200.18	215.18
42	Chemicals (16)	288.92	+0.2	21.70	8.33	5.28	288.27	288.68	294.71	297.35	303.01
43	Pharmaceutical Products (7)	179.75	+2.5	14.01	7.45	8.66	175.38	177.32	178.28	180.92	233.24
44	Office Equipment (6)	100.04	−0.4	21.77	8.29	5.25	100.47	101.39	103.29	104.34	129.14
45	Shipping (10)	496.85	+0.2	14.24	7.11	8.58	495.62	496.18	495.69	499.73	472.68
46	Miscellaneous (60)	239.94	—	17.90	7.10	6.87	240.02	242.11	244.34	246.37	256.10
49	INDUSTRIAL GROUP (492)	216.07	—	19.12	7.38	6.35	216.15	217.97	220.05	222.06	252.05
51	Oils (8)	742.60	−1.0	31.07	6.94	3.55	750.13	758.54	753.85	750.14	647.42
59	500 SHARE INDEX	257.61	−0.2	21.71	7.28	5.42	258.25	260.58	262.17	263.77	284.34
61	FINANCIAL GROUP (118)	196.70	−0.7	—	6.27	—	198.12	199.16	199.38	199.10	201.88
62	Banks (6)	205.88	+0.2	47.56	7.48	2.58	205.55	206.95	210.48	209.79	242.24
63	Discount Houses (10)	261.13	+0.3	—	7.44	—	260.35	261.41	258.93	253.09	241.26
64	Hire Purchase (5)	198.15	−0.2	16.58	5.01	7.83	198.60	198.60	199.41	199.26	194.74
65	Insurance (Life) (10)	184.46	−1.2	—	6.90	—	186.76	185.44	180.57	180.24	164.92
66	Insurance (Composite) (9)	124.35	−1.0	—	8.65	—	125.58	126.30	125.81	125.54	137.11
67	Insurance Brokers (10)	294.04	−0.5	16.04	7.21	8.66	295.51	297.40	294.12	294.17	294.57
68	Merchant Banks (14)	106.37	−0.9	—	5.75	—	107.34	107.92	106.95	107.88	101.37
69	Property (45)	387.79	−1.1	3.61	2.84	39.48	392.12	396.20	398.39	398.25	356.05
70	Miscellaneous (9)	127.24	−1.2	20.59	7.43	6.18	128.74	128.36	129.41	129.46	127.98
71	Investment Trusts (109)	216.98	—	—	6.30	—	217.86	217.54	217.47	218.04	223.07
81	Mining Finance (4)	186.43	—	14.26	5.29	8.50	186.44	182.47	178.83	180.19	138.36
91	Overseas Traders (19)	364.39	−0.6	13.82	7.42	8.86	366.74	370.79	371.76	373.96	363.61
99	ALL-SHARE INDEX (750)	243.56	−0.3	—	6.99	—	244.35	246.09	247.08	248.22	261.27

FIXED INTEREST PRICE INDICES

	British Government	Thurs., May 29	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	103.96	+0.12	—	4.02
2	5-15 years	109.20	−0.15	—	4.27
3	Over 15 years	113.16	−0.17	—	4.81
4	Irredeemables	129.47	−0.47	—	6.08
5	All stocks	108.45	−0.07	—	4.34

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., May 29	Wed., May 28	Year ago (approx.)
1	Low Coupons	5 years	12.18	12.22	9.81
2		15 years	12.11	12.12	10.78
3		25 years	12.10	12.12	11.25
4	Medium Coupons	5 years	13.99	13.98	11.40
5		15 years	13.79	13.75	11.94
6		25 years	13.65	13.62	12.11
7	High Coupons	5 years	14.12	14.12	11.72
8		15 years	14.13	14.10	12.33
9		25 years	14.03	14.00	12.30
10	Irredeemables		11.31	11.25	11.08

		Thur., May 29 Index No.	Thur., May 29 Yield %	Wed. May 28	Tues. May 27	Fri. May 23	Thur. May 22	Wed. May 21	Tues. May 20	Mon. May 19	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.42	†14.39	51.33	51.27	51.31	51.29	51.28	51.29	51.29	60.31
16	Investment Trust Prefs. (15)	47.68	14.17	47.82	47.64	47.64	47.64	47.64	47.64	47.64	52.57
17	Coml. and Indl. Prefs. (20)	61.80	14.50	61.97	61.87	61.87	61.77	61.74	61.74	61.82	74.28

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	11	653	+23	665	337
RTZ	25p	8	368	+ 3	485	327
Shell Transport	25p	8	374	—	410	314
South. Pacific Pet.	50cts	8	£11½	+ ½	£11½	575
Carless Capel	10p	7	129	− 4	158	75
Courtaulds	25p	7	72	+ 3	79	64
ICI	£1	7	352	+ 2	402	348
Premier Cons.	5p	7	91	+ 3½	98	39½
Bass	25p	6	214	− 3	238	188
BAT Inds.	25p	6	232	—	271	223
Lee Cooper	25p	6	203	−12	300	203
Marks & Spencer	25p	6	85	—	96	77
Unilever	25p	6	417	+ 7	480	388
BPC	25p	4	17	—	36½	16
Beecham	25p	4	113	+ 5	134	108

OPTIONS

DEALING DATES

First Dealing	Last Dealing	Last Declaration	For Settlement
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22
Jun. 23	Jul. 4	Sept. 25	Oct. 6

For rate indications see end of Share Information Service.

Stocks favoured for the call included **British Land**, **Viking Resources**, **Coral Leisure**, **KCA**, **Montague L. Meyer**, **LRC**, **Charterhall**, **Melody Mills**, **Appleyard**, **Norfolk Capital**, **Nelson David**, **Airfix**, **Brown Bros.**, **Ashton Mining**, **FNFC**, **William Press** and **Premier Oil**. Puts were arranged in **Bowater**, **Associated Dairies**, **GKN**, **Distillers**, **Fairline Boats**, **Premier Oil**, **Robert Kitchen Taylor** and **Northern Engineering**, while doubles were transacted in **Fodens** and **FNFC**.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
85	F.P.	16.5	95	84	Amstrad Cons. Elect.	85	.....	bd 3.5	3.0	5.5	6.8
	F.P.	—	180	135	‡‡Hemerdon Mng. 10c	135	−5	—	—	—	—
55	F.P.	20/6	80	74	Home Farm Prods 10p	77	.....	b2.9	2.5	5.4	10.5
	F.P.	—	305	290	Lionel Corp $0.10	290	−5	Q15c	—	2.3	—
83	F.P.	27/6	91	82	Oakwood Group	82	−1	66.5	2.4	11.3	5.3
100	F.P.	27/6	110	94	Peerless	94	.....	b6.3	2.8	9.6	4.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
	Nil	3/6	31pm	11pm	Automated Sec. 8% Cnv. Uns. Ln. '95	23pm	......
100p	F.P.	—	101	98	Edwards (L.C.) 8% Conv. Red. Cum. Pref	101	......
♦	£10	—	12⅝	12	Folkestone & District Water 10pc Pref '85	12⅝	......
♦♦	F.P.	30.5	110½	95½	Imp. Cont. Gas 8% Conv. Loan. 1985-2000	107	−½
♦	F.P.	9/5	106	100½	Leigh Interests 10pc Conv. Uns Ln. 1984-85	103	......
♦	F.P.	30/5	102	100¼	Mid Southern 10% Red Prf. 1985	102	......
	F.P.	27/6	104	101½	North Brit. Props. 9¼% Cov. Uns. Ln. 1998	102	......
♦	£10	—	12⅝	12	North Surrey Water 10pc Pref. 1985	12⅝	......
♦♦	F.P.	9/6	93	91	Norwest Holst 11¼% Red Cum Pref 1986	92	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p:	+ or −
30	F.P.	1/5	12/6	150	120	Brent Chemicals	136	−9
66	Nil	29/5	4/7	100	81	Clifford's Dairies 'A'	81	−5
18	Nil	30/5	20/6	19½	18	East Rand Cons	18	−1½
54	Nil	11/6	25/7	9½pm	8pm	Eleco	8pm	......
27	F.P.	16/5	13/6	31	27	First Castle Secs.	28	+1
40	Nil	30/6	18/7	47	44½	Hawley Leisure	44½	......
48	F.P.	25/4	23/5	70	68	Howard Tenens	65	+1
118	Nil	3/6	18/7	13pm	8pm	Linfood	10pm	+1
60cts.	Nil	—	—	435pm	190pm	Pancontinental	280pm	+6
54	F.P.	9/5	27/6	75	67	Rugby Portland Cement	72	......
180	F.P.	14/5	27/6	306	194	Unitech	266	−9
68	F.P.		13/6	76	68	United Biscuits	69	−1
110	F.P.	24/4	13/6	143	133	Watmoughs	137	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at R3.50 per unit. † Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) 8.39 8.43 ..... 13.25
Gilt Trust (I.o.M.) 94.5 96.9 ..... 13.25
Gilt Fnd. Guernsey 8.79 8.83 ..... 13.25
Intl. Govt. Secs. Tst.
First Sterling £20.17 20.35 ..... —
First Intl. 254.91 255.94 ..... —

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000
Eurinvest LF1,090 −53 5.14
Guernsey Inc. 71.6 76.3 ..... 5.35
Do. Accum. 94.6 100.8 ..... 5.35
K.B. Eurobond Fd. 9.62 9.73 +0.01 8.80
K.B. Far East Fd. US$17.54 ..... 1.71
K.B. Gilt Fund £9.83 9.89 ..... 13.03
K.B. Int. Bd. Fd. Inc. US$97.99 ..... 9.36
K.B. Int. Bd. Fd. Acc. US$107.94 ..... —
K.B. Intl. Fund US$13.51 ..... 2.59
K.B. Japan Fund US$32.46 ..... 0.77
K.B. Sterl. Asset Fd. £11.09 11.10 ..... —
K.B. U.S. Gwth. Fd. US$14.79 ..... 2.36
Signet Bermuda US$6.14 ..... 1.63

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361
L.B. External Fund US$9.57 10.19 ..... 0.07

Lloyds Bk. (C.I.) U/T. Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 54.4 57.8 +0.3 2.03
Next dealing June 5.
Lloyds Trust Gilt £9.59 9.60 ..... 12.85
Next dealing June 4.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF424.50 453.50 ..... 0.7
Lloyds Int. Income SF278.50 289.00 ..... 6.20

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic May 27 US$5.65 5.83 ..... —
Australian Ex. May 28 US$6.55 6.90 ..... —
Gold Ex. Acc. US$51.72 54.45 ..... 4.96
Island 137.8 146.6 +0.3 3.99
(Accum Units) 207.9 221.2 +0.4 3.99

Management International Ltd.
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.12 — ..... —
Bda. Intl. Bd. Fd. Inc. US$11.12 — ..... —
Prices May 28. Next dealing June 2.

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey. 0534 36281
Midland Drayton Gilt 96.9 97.5 +1.3 12.31

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. May 27 SF50.30 54.57 +0.80 3.23
Japfest. May 15 HK$16.95 18.35 ..... 1.10
117 Group April 30 US$12.15 13.06 ..... 2.85
117 Jersey May 14 £5.60 6.09 ..... 2.07
117 J'sey O's May 7 £6.01 6.33 ..... 3.01

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521
Hope St. Fd. May 15 US$34.44 ..... —
Murray Fund May 15 US$14.58 ..... —
Pacific Fund April 30 US$3.09 ..... —

Nat. Westminster Jersey Fd. Mgrs. Ltd.
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 45.6 47.0 ..... 12.77
Equity Fund 48.0 50.0 −1.0 4.55
International Bond* 49.5 51.0 ..... —
*Sub. day every Thurs.

Negit S.A.
10a Boulevard Royal, Luxembourg
NAV May 23 US$12.41 — ..... —

Negit Ltd.
Bank of Bermuda Bldgs., Hamilton, Brmda.
NAV Feb. 29 £3.25 ..... —

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.
NAV May 16 US$14.91 +0.04 —

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$2.67 2.88 +0.05 —
Far East Fund US$1.86 2.02 +0.02 —
Intl. Currency Fund US$1.59 1.72 +0.01 —
Dollar Fxd. Int. Fund US$2.09 2.26 +0.03 —
Ster. Exempt Gilt Fd. £1.38 1.47 +0.01 —

Providence Capitol Life Ass. (C.I.)
PO Box 121, St. Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 47.6 50.0 ..... —
Sterling Equity Fd. 55.2 57.9 ..... —
Intnl. Bond Fd. US$0.99 1.04 ..... —
Intnl. Equity Fd. US$0.96 1.03 ..... —
Prices at May 28. Next dealing June 4.

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. £0.812 0.860 ..... 14.53
Quest Intl. Secs. $0.978 1.052 ..... 4.09
Quest Intl. Bd. US$0.897 0.950 ..... 10.00
Prices on May 28. Next dealing June 4.

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M. 0624 23914
(x) The Silver Trust 215.1 220.2 −22.5 —
Do. Diamond Bd. 158.8 167.1 ..... —
Irish Gilt Bond 124.6 133.1 +0.1 13.51
Sterling Deposit Bd. 113.22 114.38 +0.35 16.75
Carrilion C.G.T. Bd. 65.7 69.2 ..... —

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† 1.65 1.75 ..... 1.00
O.C. Sm. Co.*** 95.5 101.5 ..... 3.19
O.C. Commodity* 86.4 91.5 ..... 6.20
O.C. Dir. Comdty.† US$42.46 45.17 ..... 1.63
O.C. Hong Kg. Fd.† HK$25.04 26.63 ..... —
O.C. Sterling Fd.** £11.859 −0.05 —
*Prices on May 14. Next dealing May 30.
†Prices on May 21. Next dealing June 9.
**Daily dealings. ***May 30.

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$10.11 10.32 ..... —
Prices on May 19. Next dealing May 28.

Save & Prosper International
Dealing to:
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.*‡ DM9.55 10.09 +0.04 4.96
Dlr. Fxd. Int.*‡ US$8.70 9.18 +0.05 7.85
St. Fixed***‡ 100.4 106.2 ..... 13.18
Yen Bond Y937 999 −3 5.00
Equity Funds
Channel Capital‡ 71.1 75.0 −0.2 3.96
Internatl. Gr.*‡ US$10.09 10.86 ..... —
Far Eastern*‡ US$11.18 12.09 ..... —
North American*‡ US$4.96 5.37 ..... —
Sepro**‡ US$16.70 18.25 ..... —
Trust Channel Isl.‡ 70.4 74.3 −0.5 8.15
Commodity Funds
Commodity****‡ 151.0 159.3 ..... —
Deposit Funds
St. Deposit***‡ 121.0 121.2 ..... 0.21
Prices on *May 27. **May 28. ***May 23. ****May 29. ‡Weekly dealings. ‡Daily dealings.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588
AM Investments 58.0 61.0 ..... 11.89
Far East Fund* 100.0 105.0 ..... —
Gilt Fd. 19.8 20.0 ..... 13.75
Intl. Fd. (Jersey) 105.0 111.0 ..... 3.15
Am Options US$ 0.82 0.86 +0.01 8.72
Am Smaller Cos $ US$ 1.09 1.15 ..... —
Intl. Fd. (Lxmbrg) US$ 14.47 15.25 +0.09 —
*Next sub. day June 4.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds
£ Equity 79.1 84.1 ..... —
$ Equity US$1.776 1.889 ..... —
£ Fixed Interest 158.7 168.8 ..... —
$ Fixed Interest US$1.207 1.284 ..... —
£ Managed 115.7 123.0 ..... —
$ Managed US$1.485 1.579 ..... —

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2. 01-588 4000
Am. Inv. Tst. May 21 US$15.54 ..... 2.25
Asian Fd. May 26 US$22.18 22.88 ..... 2.63
Ch'sid $ May 28 US$16.89 — +0.14 2.49
Darling Fund May 23 A$2.98 3.18 ..... 5.10
Japan Fund May 15 US$7.14 7.66 ..... 0.65
Trafalgar Fd. Apr. 30 US$193.74 ..... —

Sentry Assurance International Ltd.
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$4.255 4.8629 ..... —

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4. 01-248 9646
Dekafonds DM22.27 23.44 ..... 6.65
Tokyo Trust May 1 US$30.00 — 3.00

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg.
NAV May 26 US$10.27 ..... —

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 149.98 157.87 +6.32 —

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind. Tst. £4.60 4.71 +0.06 —
Copper Trust £13.52 13.85 −0.18 —
Jap. Index Tst. £6.15 6.28 −0.07 —

Surinvest Trust Managers Ltd.
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 105.3 110.7 ..... —

TSB Unit Trust Managers (C.I.) Ltd.
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 48.8 51.4 ..... 5.59
TSB Guernsey Fund 48.8 51.4 ..... 5.59
Prices on May 28. Next sub. day June 4.

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 94.0 96.0 ..... 14.58
TSB Gilt Fd. (Jsy.) 94.0 96.0 ..... 14.55
Prices on May 28. Next sub. day June 4.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share May 26 US$85.38

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share May 26 US$62.60

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda, 2-2760
Overseas May 28 US$1.34 1.42 +0.05 6.00
(Accum. Units) US$2.30 2.43 +0.07 —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL May 29 £8.00 8.60 −0.10 2.44
(Accum. Shares) £13.35 14.35 −0.15 —
American May 29 91.8 98.2 −0.6 3.31
(Accum. shares) 98.4 105.2 −0.8 —
Far Eastern May 29 93.8 100.6 −1.8 2.23
(Accum. Shares) 98.4 105.4 −1.8 —
Jersey Fund May 28 133.6 141.8 −2.6 8.53
(Non-J. Acc. Uts.) 224.4 238.0 −4.4 —
Gilt Fund May 28 97.8 99.6 +1.6 11.93
(Accum. Shares) 159.4 162.4 +2.8 —
Victory House, Douglas, Isle of Man. 0624 24111
High Inc. Gilt May 28 105.4 107.4 +1.8 13.03
(Accum Shares) 110.6 112.6 +1.8 —

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.06 — ..... —

Union-Investment-Gesellschaft mbH
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM16.16 17.00 +0.10 —
Unirak DM46.17 48.50 +0.25 —
Unirenta DM36.10 37.20 +0.10 —

Utd. Intnl. Mngmnt (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey
U.I.B. Fund US$98.58 101.06 ..... 8.16

van Cutsem & Associates Ltd.
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$95.40 ..... —

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Cnv. Bd. May 28 US$9.63 +0.06 —
Energy Int. May 28 US$35.67 +0.31 —
Grt. St. $Fd. April 30 US$7.76 ..... —
Merc. Eurobd. May 21 US$11.31 11.49 ..... —
Merc. Mny. Mkt. May 27 £12.28 12.30 ..... 0.43

Warburg Invest. Mngt. Jrsy. Ltd.
7 Library Place, St. Helier, Jsy. CI 0534 37217
CMF Ltd. April 24 US$14.12 14.48 ..... 2.35
CMT Ltd. April 24 £13.51 13.86 ..... 2.31
Metal Tst. May 15 £11.84 12.13 ..... 39.66
SMT Ltd. May 1 £10.47 10.74 ..... —
TMT Ltd. May 8 £11.04 11.33 ..... 5.47

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$20.01 21.10 ..... —
Wardley Nikko As. Fd. US$26.99 27.59 ..... —
Wardley Bond Trust US$9.90 10.10 ..... —
Wardley Japan Trust US$11.21 11.51 ..... —

World Wide Growth Management
10a, Boulevard Royal, Luxembourg
Worldwide Gth. Fd. US$27.05 +0.22 —

Wren Commodity Trust
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 42.25 43.0 ..... —

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	46.9	50.4	+0.4	1.98
Abbey Capital	53.1	57.0xd	-0.4	6.07
Abbey General	45.7	48.9	-0.2	6.37
Abbey Gilt & F.I. Tst.	106.6	112.2	-0.5	9.56
Abbey Income	40.1	43.4	-0.2	9.04
Abbey Intl. Bd. Tst.	94.3	99.8	.....	5.57
Abbey Inv. Tst. Fnd.	37.5	40.5	.....	6.16
Equitas Prog. Trust	67.9	73.4xd	-0.4	6.11

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt & Pref.	85.0	90.7xd	+0.7	12.98

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	74.1	79.3	-0.4	6.08
Brit. Inds. Fund	66.7	71.4xd	-0.4	7.28
Growth & Income	41.0b	43.9	-0.3	5.74
Elect. & Ind. Dev.	35.8	38.3xd	-0.4	6.40
Allied Capital	75.4	80.7	-0.5	5.76
Hambro Fund	115.4	123.5	-0.7	6.53
Hambro Acc. Fund	141.4	151.9	-1.1	5.95

Income Funds

High Yield Fd.	63.0	67.4	-0.4	10.76
High Income	67.4	72.1	-0.2	8.46
A. H. Eq. Inc.	39.7	42.5	-0.2	8.54
Govt. Secs.	24.6	25.2	-0.2	8.93

International Funds

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. May 9	200.8	213.9	.....	5.82

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.0	18.7	.....	7.89
Gt. Winchester O'seas	21.8	23.2	.....	4.75

Emson & Dudley Tst. Mngmnt. Ltd.
20, Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	68.1	73.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	71.3	75.0	-0.5	5.69

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	23.1	24.9	+0.2	1.00
Fixed Interest	24.8	26.2	.....	12.91
Growth + Income	29.1	30.7	-0.1	7.76
Special Sits.	28.5	30.1	-0.4	3.16

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	27.8	29.9	.....	2.37
Accum. Units	34.2	36.7	.....	2.57
J. Finlay High Income	31.3	33.6	.....	10.78
J. Finlay Euro.Fin.	21.0	22.6	.....	4.90
Accum. Units	26.3	28.2	.....	4.90
J. Finlay Fd. In. Tst.	33.0	35.5	.....	5.56
Accum. Units	40.7	43.8	.....	5.56

Prices on May 28. Next dealing June 4.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American May 27	50.2	53.6	.....	1.24
Am. T'around May 27	49.8	53.2	.....	2.00
Capital Tst.	51.2	54.6	-0.4	5.66
(Accum. Units)	51.8	55.4	-0.4	5.66
Extra Income Trust	46.0	49.0	-0.4	10.99
Income Tst.	34.8	37.2xd	-0.2	9.32
Int. Growth Fd.	42.8	45.6xd	+0.2	2.48
(Accum. Units)	45.4	48.4	+0.2	2.48

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

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Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	59½	.....	8.66	13.14
80	73½	Alcan 10½pc '89-94	80	+½	13.89	14.70
28½	25	Met. Wtr. 3pc 'B'	27½	.....	11.20	13.23
103	89	U.S.M.C. 9pc 1982	103	.....	8.75	—
91	85½	Do. without Warrants	91	.....	10.40	16.20

LOANS—Continued

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98½	96½	FFI 13pc 1981	98¾	.....	13.23	15.68
98	93½	Do. 14pc '83	97¾	−¼	14.32	14.84
85	79½	FFI(UK Fn)5½pcDb. '80-2	84½	.....	6.59	14.13
75½	71½	Do. 6¼pcDb. '81-84	75½xd	.....	8.27	13.70
90	80½	Do. 10½pc Uns.Ln. '86	89½	−½	12.31	14.40
89½	77	Do. 11pc Uns.Ln. '88	89½	.....	12.92	13.85
91½	82	Do. 11¾pc Uns.Ln. '90	91½	.....	13.55	14.35
63	56	Do. 7¼pcADeb. '89-92	62½	−½	11.65	13.60
61	51½	Do. 7¼pcA Db. '91-94	59½	−½	12.53	14.25
72	64½	Do.9pc'A' '91-94	69½	.....	13.34	14.45
67	61	Do.8¾pcLn. '92-97	67	.....	13.88	14.55
95	84½	Do.12½pc. Uns. Ln.1992	91	−¼	14.10	14.55

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
74	43	Antofagasta Rly.	74	.....	—	—
50	50	Do. 5pc Pref.	50	.....	—	—
98	98	Chilean Mixed	98	.....	—	3.39
58	42	Chinese 4½pc 1898	42	.....	—	—
45	32	Do. 5pc 1912	32	.....	—	—
24	18	Do. 5pc 1913	21	.....	—	—
24	17½	Do. 5pc 1925 Boxer	23	.....	—	—
35	28½	Greek 7pc Ass.	30xd	.....	3½	11.66
35	31	Do 6pc 28 Stab. Ass.	31	.....	6	9.68
33	30	Do 4pc Mixed Ass.	30	.....	4	6.73

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1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
33	22	Hirst Mallson 20p	24	......	2.6	1.4	15.5	(4.6)
82	75	Holden (A.)	82	......	†4.0	3.4	7.0	5.7
51	43	Hollis Bros	43	......	†5.32	1.8	17.0	4.1
256	217	H&R Lloyd Ist. 10p	226	......	9.5	♦	6.1	♦
182	120	Hoover 'A'	155	−5	12.0	0.9	11.1	(15.1)
112	93	Hoskins & H 20p	112	......	8.0	2.5	10.7	7.8
80	54	Howard Tenens	66	......	b2.28	—	4.9	—
375	230	Hunting Assoc.	340	......	5.0	♦	2.1	♦
90	66	Huntleigh 10p	74	......	1.19	2.8	2.3	17.7
79½	55½	Hutch Whamp SHK1	68½xd	−½	MQ28c	♦	3.8	♦
25½	17	Hyman (I. & J.) 5p	17½xd	+½	1.25	♦	10.2	♦
£11¾	845	I.C. Industries$1	£11¼	+⅛	Q$2.00	—	8.0	—
145	111	ICL	130	+1	†h2.97	6.9	3.3	4.8
32	24	Ingall Inds. 10p	24	......	t2.27	1.7	13.5	7.0
135	107	Initial Services	130	−1	†5.5	2.5	6.0	7.7
18	10	Inter-City 20p	12½	......	0.6	♦	6.9	♦
57	41	J. B. Holdings 10p	41	......	3.0	2.1	10.8	6.2
150	118	Jacksons Bourne	118	......	†♦3.0	3.3	3.6	11.2
20	14½	James (M.) Ind. 20p	18½	......	20.75	3.3	5.8	11.1
149½	108	Jardine M. SHK5	128	−1	MQ82c	1.9	6.0	8.8
29	20½	Jentique	20½	......	2.48	1.6	17.3	3.8
7	4½	Johnson & Barnes	5	......	—	—	—	1.9
180	135	Johnson Clnrs.	156	......	6.2	3.8	5.7	5.0
300	205	Johnson Mthy. £1	268	−2	†8.5	2.9	4.5	9.2
57	39½	Jourdan (T.) 10p	52	−2	4.2	0.6	11.5	20.2
75	63	Kalamazoo 10p	65	......	3.75	1.6	8.2	10.9
133	98	Kelsey Inds.	130	......	t7.0	4.1	7.8	5.2
72	53	Kennedy Sm. 10p	62	......	t2.8	3.7	6.4	8.2
362	225	Kershaw (A.) 5p	275	−5	h21.75	0.6	11.3	(3.0)
76	69	Kleen-E-Ze Hldgs.	76	......	d4.5	2.1	8.5	7.9
82	67	L.C.P. Hlds	73	−1	†h3.67	2.3	7.2	7.6
28	16	L.K. Ind'l. Invs.	19	......	♦1.5	—	11.3	—
32	25	L.R.C. Int. 10p	27½	......	2.23	1.4	11.6	8.3
64	48	Lawtex	48	−2	†3.56	4.5	11.1	2.1
164	134	Lead Inds. 50p	156	−1	9.66	2.7	8.8	5.5
88	82	Leadeball Sterling	83	......	3.12	9.3	5.4	8.1
58	46	Le Bas (Ed)	58	......	1.93	2.9	4.7	8.0
260	229	Lep Group 10p	260	+2	†12.5	2.3	6.9	7.7

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FINANCIAL TIMES

Friday May 30 1980

BELL'S SCOTCH WHISKY BELL'S

Premium quality beside the A32

BY RAY DAFTER

THE UK has a new commercial oil-field—at Humbly Grove Farm, next to the A32 road near Basingstoke, Hampshire.

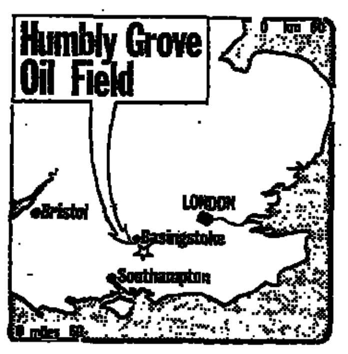
Carless, Capel and Leonard, which has been leading an oil-exploration group in initial drilling on the site, said yesterday that the first well was capable of producing commercial quantities of oil.

It is expected that, after further testing, Carless will install a "nodding-donkey" production unit this summer. Carless said that during tests, oil flowed from the main producing zone of the reservoir at rates of between 50 and 100 barrels a day.

But it was not possible to say at this stage how quickly the oil would flow during commercial production. Nor could the size of the field be accurately assessed.

Carless and its partners plan to drill a second well on the site. Meanwhile, the rig which made the discovery is being released from Humbly this weekend. Carless will then lead an exploration venture on another new inland site, at Yarnbury, Salisbury Plain, Wiltshire.

So far an estimated £600,000 has been invested by the Carless group at Humbly, where the discovery well was sunk to a depth of about 6,000 feet. Interests in the



production licence (number 116b) are Carless (28.125 per cent); Matinex Petroleum (28.125 per cent); Cambrian Exploration, part of the Candecca Group (25 per cent); and Hadson Oil UK Onshore (18.75 per cent).

According to industry reports, the Humbly Grove oil is of premium quality—a light crude with low sulphur content.

About 20 onshore oil- and gas-fields have been identified, most in the Midlands, Hampshire and Dorset. According to Wood, Mackenzie, stockbrokers, total reserves delineated so far onshore amount to only 30m to 35m barrels—less than all but the smallest of North Sea fields.

The biggest onshore discovery is the British Gas/British Petroleum group's Wytch Farm Field, Dorset, about 60 miles from Humbly Grove. This field is expected to boost UK onshore-oil production levels to about 20,000 b/d by the mid-1980s as against the present level from all landward fields of 3,500 b/d.

Continued from Page 1

Laggers

tractors at the £500m Milford Haven oil terminal extension, where companies employing laggers have refused to tender because the main contractors and clients will not agree to open ended bonuses.

This attitude is likely to spread to other sites. It presents the GMWU with a threat of losing work traditionally done by its members.

At the same time Mr. David Basnett, the union's general secretary, and Mr. Frank Earl, its national officer, are under strong pressure to escalate the action. Mr. Earl, who attended yesterday's delegate meeting, said there were many calls for immediate strikes.

Mr. Baldwin has written to Mr. Len Murray, general secretary of the TUC, proposing that the TUC, the CEGB, the unions and the site contractors, and the unions, sign a single site agreement for the Isle of Grain with a common bonus system. The original 27 GMWU laggers could return to work with the replacement laggers.

The proposal was unlikely to find favour with the GMWU, but he was anxious to show that the craft unions were prepared to attend a meeting on reasonable terms, he said.

Mr. Earl said after the delegate meeting: "We have committed two crimes. We have defended our members' wages and we are determined to stop other unions from doing our jobs. If these are crimes then I plead guilty."

Nurses told: 'No more money'

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S 490,000 nurses and midwives were told yesterday by Mrs. Margaret Thatcher, the Prime Minister, that there would be no improvement on their 14 per cent pay offer.

In spite of warnings that union leaders may call for industrial action Mrs. Thatcher told a deputation of nurses' leaders that the Government had more than honoured its pledges to nurses.

Unions, including the moderate Royal College of Nursing, swiftly responded with talk of industrial action. It has been described as the most serious crisis in the profession since the demonstrations over pay in 1973.

The unions had requested a meeting with Mrs. Thatcher in an attempt to persuade the Government to allow a pay increase this year above the health service cash limits.

This followed the breakdown of pay talks with management on Tuesday when unions said they were no longer prepared to negotiate within the 14 per cent ceiling because of the recent 18.7 per cent inflation award to doctors.

Union leaders will consider various forms of industrial action when they meet on June 10 to discuss Mrs. Thatcher's response.

Any action considered, however, is expected to focus on methods of disrupting hospital administration to avoid affecting care of patients.

Mr. David Williams, assistant general secretary of the Confederation of Health Service Employees (COHSE) said after the meeting: "It brings industrial action that much closer."

He said Mrs. Thatcher had been asked to give nurses the same treatment as doctors, the police and the armed forces who had received "special case" pay increases. The unions had urged her to make the political decision that would have made it possible for negotiations with management to be restarted.

Mrs. Thatcher said during the one and a half meeting of Downing Street that with improvements in hours and overtime, the offer to nurses was worth about 20 per cent.

She made clear that in the Government's view, it had more than honoured its pledge to protect nurses pay. The pay bill for nurses would have risen 50 per cent to £2.4bn since the Government took office if the offer were accepted.

Mrs. Thatcher said that since 1978, nurses pay would have risen 65.5 per cent compared with 66 per cent for doctors in the same period.

Any early action by nurses seems unlikely. COHSE, representing 130,000 nurses, will wait to consider its position at its annual delegate conference starting on June 16.

Miss Catherine Hall, general secretary of the Royal College of Nursing, said it was inevitable that nurses would think more seriously about action other than all-out strikes. But the results of a ballot of its 137,000 members on whether to change the rules to allow industrial action are not expected till mid-July at the earliest.

The National Union of Public Employees, representing nearly 80,00 nurses, is calling on its branches to seek early meetings with MPs to press for the nurses' pay issue to be raised in Parliament.

Energy demand down 6.6% in first quarter

BY RAY DAFTER, ENERGY EDITOR

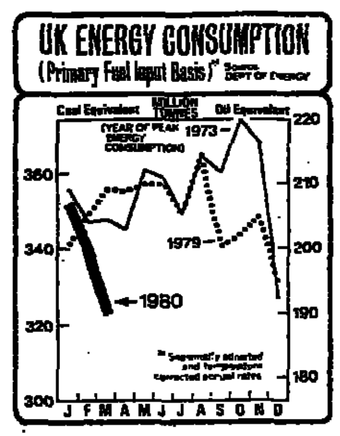
RISING FUEL prices, lower economic activity and increased conservation effort by industry and the general public have caused a 6.6 per cent fall in UK energy consumption in the first quarter of this year compared with the same period last year.

Energy Department figures issued yesterday show consumption of oil products fell 14.4 per cent.

In March temperature-corrected energy demand, on a primary fuel input basis, was at an annual rate of 192m tonnes of oil or oil equivalent, 7.2 per cent below the level in March 1979 and the lowest for five years.

Although petrol demand continued to rise — up 6.6 per cent in the first quarter of this year — the increase was more than offset by a fall in demand for other refined oil products.

Fuel oil sales fell by almost a third in the first quarter, reflecting the electricity industry's switch to coal, the steel strike and depressed industrial



conditions. Mild weather and householders' conservation measures accounted for much of the 43.5 per cent fall in the demand for central heating oil in the same period.

Mr. John Moore, the Junior Minister at bte Department of Energy, responsible for energy conservation said the figures were "highly encouraging."

He told commercial motoring delegates at a conference at Goodwood, Sussex, that the single most effective conservation measure taken in the last decade had been the Government's "grasping of the nettle of rational energy pricing." Already sensible energy pricing had changed consumption patterns and had reduced overall fuel demand.

The Energy Department's statistics showed most domestic fuel prices rose at a faster annual rate than the retail price index in the first three months of this year.

The price of heating oils and petrol rose 51 per cent, electricity 18 per cent, and coal and coke 26 per cent compared with a retail price index rise of 18 per cent. Gas prices, which went up 17 per cent in April, rose only 8 per cent in the first quarter.

Industry's bills for fuel rose faster than the wholesale price index (10 per cent). Heavy fuel oil prices went up 52 per cent, coal 28 per cent, electricity 18 per cent, and gas 21 per cent.

Commodity deals 'may need curbs'

By David Lascelles in New York

MR. PAUL VOLCKER, chairman of the U.S. Federal Reserve Board said yesterday that some kind of Government control of the commodity futures markets might be needed.

He told resumed Congressional hearingsin Washington on the Hunt silver crisis that Congress should proceed cautiously, saying that it was still far from clear what kind of controls were appropriate, and whether all commodities should be treated differently, depending on their characteristics.

His views evidently fell short of those of Senator William Proxmire, the influential chairman of the Senate banking committee before whom Mr. Volcker was testifying.

Mr. Proxmire said that collapse of the siver market in March following an ill-fated foray by members of the oil-rich Hunt family showed that the futures markets had become too important to remain beyond the tight control of the Federal Government.

Several moves are afoot in Congress to give the Fed more direct control over trading terms in commodities, a role which the Fed is reluctant to assume. The commodity exchanges are expected to oppose bitterly any moves to regulate them more tightly.

Coral to sell control of hotels

BY ANDREW FISHER

CORAL Leisure Group is about to sell control of its hotel business to a foreign company in a deal which would enable it to cuts its borrowings while faced with the possible loss of its casino profits.

Profits last year totalled more than £11m before tax and interest payments, but Coral's four London casino licences are now under threat following objections by the police and the Gaming Board.

As a result, Mr Nicholas Coral, the chairman, told the annual meeting yesterday that the group intended to reduce its borrowings by selling off some of its assets.

Talks on the sale of Centre Hotels, bought by Coral for more than £16m three years ago, were now at an advanced stage. But the deal would not include the Old Kentucky chain of restaurants in London.

Although declining to identify the buyer, he said after the meeting that it was not a British group. Bass, the brewing and hotel group, had shown an interest, but there had been no serious talks.

Coral's hotels—21 in the UK and four in Amsterdam—contributed only £2.6m of last year's total group trading profits of £33m. Their combined value is estimated at £50m-£60m.

Under the proposed sale, Coral would remain a minority shareholder with the controlling company taking over the management. This would provide Coral with at least £20m to help reduce its high borrowings.

Mr Coral said the board would "take all proper steps" to defend the group's casino licences.

The problems in this area began last November with a police raid on its London clubs and offices. Since then, both the police and the Gaming Board have applied for the cancellation of the licences.

If Coral loses its licences in London or any of its provincial clubs, it will appeal. "We'd anticipate trading for the whole of this financial year," Mr Coral said.

As for the joint $100m Ritz Hotel/Casino project in Atlantic City, New Jersey, he said Coral would be prepared to surrender its management contract if the replacement manager also purchased at cost its 20 per cent stake in Hardwicks, the U.S. company organising the venture.

General profitability of the Coral group was being affected by high inflation and interest rates, Mr Coral said: "We are finding expenses increasing at a greater rate than revenue."

Ilford to act over losses

BY IAN RODGER

THE 3,500 employees of Ilford, the 100-year-old manufacturer of photographic film, have been told that the company's financial situation has been deteriorating for some time, and that urgent remedial action will be announced by mid-June.

The company was bought in 1969 by the Swiss chemical group, Ciba, now Ciba-Geigy. It has made losses in four of the last six years, culminating in a record £2.8m loss last year on turnover of £102m.

In London, Ciba-Geigy said the Ilford management was urgently examining the viability of all segments of the business, and the detailed analysis would be completed in the next few weeks. The company expected that proposals for action would be ready for discussion with employees and unions in mid-June.

Ilford has plants at Brentford, Ilford and Basildon in Essex, and at Mobberley, Cheshire.

Ciba-Geigy attributed Ilford's problems to the high cost of raw materials, particularly silver. Recently, high interest rates and the strength of sterling have aggravated the company's difficulties. More than half its sales are made outside Britain.

In i ts 1979 annual report, Ciba-Geigy said Ilford had discontinuedw the sale of large-forma X-ray film to North America because the strength of sterling had made it unprofitable. The report cited the five-fold increases in silver prices and referred generally to "fierce competiton" and "the inadequate increases that could be made to selling prices."

It also mentioned "inherent structural weaknesses" in the Ilford group. In London, Ciba-Geigy said it had complete confidence in the Ilford management. Asked if Ilford had been speculatin gin silver, the company replied: "Most certainly not. We are in the photography business.

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Struggle to meet UK demands

1980 payments to Brussels of £1.16bn by around £830m and the anticipated 1981 budget bill of close to £1.4bn by £990m. Thus, the scene was set for tough negotiations which were expected to last well into the evening, spurred by growing fear of the possible consequences of failure.

These include: ● Unilateral implementation from June 1 of farm price increases by France—a move opposed by the other eight because it would shatter the solidarity of the Common Agricultural Policy, the very cornerstone of the Community; ● The prospect of a third EEC summit—this time in Venice in mid-June—being dominated by the budget row, or possibly disrupted by the UK if the other eight refuse to negotiate there;

● Possible paralysis by late summer of the Community's financial operations because it is still operating with an agreed 1980 budget. Britain will try to block any attempt to adopt one without a deal on its budget payments.

Despite a reportedly "friendly" negotiating atmosphere among the Foreign Ministers, some of the lingering resentment generated by Mrs. Thatcher's rejection at Luxembourg of an offer judged generous by the other eight was clearly evident from the early proposals tabled yesterday.

Earlier this year, France linked the budget and farm issues by insisting that any budget offer depended on Britain dropping its demand for a price freeze and accepting a five per cent average price rise for 1980-81. France thought Britain should accept proposals to include lamb in the Common Agricultural Policy and accept an outline agreement for a common fisheries policy.

Britain has already hinted that it will ultimately accept the farm price rise, and yesterday accepted in principle most of the proposals for lamb and mutton.

Weather

UK TODAY

SHOWERS and sunny intervals. Temperatures below normal.

London, S.E. England, E. Anglia

Sunny periods, showers. Rather cool. Max. 13-15C (55-59F).

Midlands, E. and C. N. England

Scattered showers, sunny intervals. Cool. Max. 12-14C (54-57F).

Channel Is., S.W. England, S. Wales

Mostly dry, becoming cloudy. Wind moderate. Max. 14-16C (57-61F).

N. Wales, N.W. England, Lake District, Is. of Man, W. Scotland, N. Ireland

Showers, sunny intervals. Wind moderate. Cool. Max. 11-13C (52-55F).

N.E. England, Borders, E. Scotland

Cloudy, rain and bright intervals. Rather cool. Max. 11-13C (52-55F).

N.E. Scotland, Orkney and Shetland

Cloudy, rain at times. Wind northerly. Cool. Max. 9-11C (48-52F).

Outlook: Changeable, cool with some rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	Lisbon	C	18	64
Algiers	F	22	72	Locarno	R	10	50
Amsdm.	C	13	55	London	C	11	52
Athens	F	24	75	Luxmbg.	C	12	54
Bahrain	S	34	93	Luxor	S	42	108
Barclna.	F	18	64	Madrid	F	18	64
Beirut	S	26	79	Majorca	F	22	72
Belfast	F	9	48	Malaga	S	25	77
Belgrd	F	24	75	Malta	S	25	77
Berlin	C	15	59	M'chstr.	F	12	54
Biarritz	R	12	54	Melbne.	C	17	63
Bmghm.	R	11	52	Milan	C	15	59
Blackpl.	F	11	52	Mntreal.	S	22	71
Bordx.	F	15	59	Moscow	S	20	68
Boulgn.	R	11	52	Munich	S	19	66
Bristol	C	14	57	Nairobi	S	21	70
Brussels	R	11	52	Naples	F	19	66
Budpst.	C	23	73	Newcstl.	F	11	52
B Aires	C	16	60	N York	S	19	67
Cardiff	C	13	55	Nice	F	20	68
Cas'b'ca	C	19	66	Nicosia	S	31	88
Cape T.	S	18	64	Oporto	C	18	64
Chicago	S	22	72	Oslo	R	12	54
Cpnhgn.	C	13	55	Paris	C	14	57
Corfu	F	23	73	Perth	R	20	68
Dublin	C	12	54	Prague	C	17	63
Dbrvnk.	F	30	86	Reykjvk.	S	10	50
Ednbgh	F	11	52	Rhodes	S	32	90
Faro	C	20	68	Rome	C	20	68
Florence	R	16	61	Salzbg.	F	21	70
Frankft.	F	21	70	Singapr.	S	31	87
Funchal	S	19	66	Stckhm.	C	19	66
Geneva	R	11	52	Strasbg.	C	16	61
Gibrltr	F	20	68	Sydney	C	18	64
Glasgow	C	11	52	Tangier	C	17	63
G'rnsey	C	11	52	Tel Aviv	F	24	75
Helsinki	S	18	64	Tenerife	F	18	64
H Kong	S	28	82	Tokyo	S	28	82
Innsbrk.	F	19	66	Toronto	S	19	65
Invrnss.	F	11	52	Tunis	F	21	70
I. o. Man	F	11	52	Valencia	R	21	70
Istanbul	S	26	79	Venice	F	18	64
Jersey	C	12	54	Vienna	F	20	68
Jo'burg	S	16	61	Warsaw	C	22	72
L. Plms.	C	20	68	Zurich	R	14	57

C—Cloudy F—Fair. R—Rain. S—Sunny.

THE LEX COLUMN

An endurance test for Courtaulds

Courtaulds has duly maintained its dividend and even after yesterday's 3p rise in the share price to 72p on the news the yield is no less than 18.4 per cent. Like Dunlop or Turner and Newall the group is trapped with an unrealistic level of payout: the Board must fear the consequences for the share price if the dividend were cut, and there is the thought that a dividend costing £23.4m (plus a chunk of unrecoverable ACT) is not worth too much worry for a group with capital employed of well over £800m and debt approaching £400m. At any rate there is no cash crisis at Courtaulds, thanks partly to the decision to trim back capital spending last year to £74m from the planned £100m or so, and thanks also to tight control of working capital; net borrowings appear to have risen by only £23m.

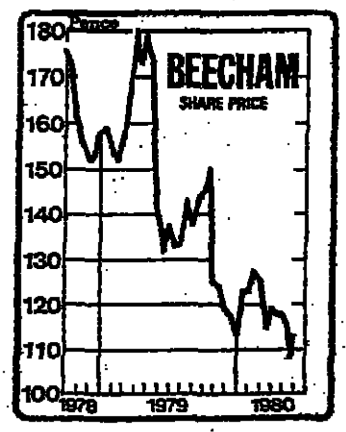
Cash is what counts now. The profit figures—showing a pre-tax improvement from £64m to £68.1m—mean very little, for they are distorted by inflation and are struck before some £26m of closure provisions. Current cost figures indicate a bare breakeven before tax, confirming that after tax and dividend outgoings Courtaulds is slowly wasting away.

The worst pressures have, of course, been faced by the UK textile operations. Home market volume fell by around 3 per cent last year, and although exports were bravely raised slightly, this has now largely turned into a marginal costing exercise. Even so the group's cellulosic fibres—which use wood pulp as a raw material rather than oil-based feedstocks—increased their contribution, while paint and cellophane did well and overseas trading profits rose by nearly half. This year the group's closure programme should allow further loss elimination, but the recession has now spread to most overseas markets and so long as sterling and interest rates stay so high the outlook must be testing.

Beecham

Beecham's last two sets of results have been deeply disappointing to the stock market, and yesterday's figures, showing that pre-tax profits in the year to March had fallen only to £136.8m from £144.0m were greeted with relief. Exchange rate movements reduced overseas subsidiaries' profits by £7.8m: at unchanged exchange rates, there was an 8 per cent underlying rise in the second half, and this seems to be the justification for the 7½ per cent rise in the final dividend.

Index rose 1.2 to 417.8



The group's pharmaceutical business is still under heavy pressure, with costs rising fast and price increases almost unobtainable outside the UK. Trading profits have fallen £20m to £70m, and the introduction of augmentin, vital to Beecham's medium-term prospects, will not produce profits until 1981-82.

In happy contrast, consumer products have performed well. Beecham's push into the U.S. loks promising—losses on the Aquafresh toothpaste launch fell from £6½m in the first half to £1½m in the second, and the brand now claims 13 per cent of the market, while the Jovan perfume business covered the financing costs of its $85m acquisition. Bovril is unlikely to do as much this year, but in the longer run some more UK profits must be welcome to a group which cannot at present offset its advance corporation tax liability.

Unless sterling and interest rates fall far and soon, Beecham looks set for another year of stagnant profits around the £140m level, which may leave it reluctant to raise the dividend by very much. But the shares, up 5p yesterday at 113p, where the yield is 8 per cent and the p/e on stated earnings below 9 times, no longer look downright expensive.

ICL

First the god news: ICL has continued to push volume growth ahead in the first six months at much the same rate as last year, at 21½ per cent, and much faster than the average for the industry as a whole. But margins have come under pressure in the competitive market following the introduction of IBM's low-priced range. Once the changed treatment of depreciation is taken into account, ICL's pre-tax profits of £20.5m are only 4.3 per cent higher. The share price gained 1p yesterday to 130p.

Interest charges have risen by 46 per cent to £11.4m, partly reflecting an increase of about £15m in debt, mainly in ECGD finance for exports. Margins overall have slipped by a seventh and the halving in the overseas tax bill suggests that the bulk of the decline has come here. Nevertheless orders for the new products look extremely healthy and, in spite of the strong pound and high domestic inflation and interest rates, ICL's margins seem to have been squeezed less than for all but a handful of its international competitors. Pre-tax profits for the year should be about £50m, against £45.7m, producing a prospective p/e of 7, fully taxed, and of 4 on the actual tax charge. This is hardly a demanding rating.

Borthwicks

Even by the drastic standards of the beef cycle, the collapse in Borthwicks' earnings has been alarming. In December, at the end of its first quarter, the group was showing pre-tax profits of over £3m, despite a higher interest charge. But at the end of the first half there is a loss of £1m (£3m at the attributable level) against profits of £5.6m last time. Borthwicks was caught by a 25 per cent fall in U.S. beef prices, which led to stock write-downs on meat being shipped from Australia — £4m in the first half and a further £2m to come.

In one obscure passage, the company's statement seems to be pinning the blame for this misadventure on the Ayatollah. More simply, perhaps, high interest rates led to wholesale slaughtering of pigs and poultry, a glut of pork and chicken, and a downward spiral in all meat prices. Borthwicks' UK and French retail butchers are doing nicely, and the U.S. beef price has steadied, but it is not surprising that the question of whether even a notional dividend can be paid has been postponed for another six months.

Lonrho/Fraser

Lonrho's latest circular to House of Fraser shareholders contains the poorly researched claim that Fraser's dividend yield is only 4 per cent. In fact the universal convention is to state yields gross, so that the return is in fact 5.7 per cent at 150p.

£50,000
£500,000
£5,000,000

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